

GULF OF MEXICO: A FOCUS ON COMMUNITY RECOVERY AND NEW RESPONSE TECHNOLOGY

OVERSIGHT FIELD HEARING

BEFORE THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

Monday, April 18, 2011, in Houma, Louisiana

Serial No. 112-25

Printed for the use of the Committee on Natural Resources



Available via the World Wide Web: <http://www.fdsys.gov>

or

Committee address: <http://naturalresources.house.gov>

U.S. GOVERNMENT PRINTING OFFICE

65-823 PDF

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
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CONTENTS

Hearing held on Monday, April 18, 2011	Page 1
Statement of Members:	
Boustany, Hon. Charles, a Representative in Congress from the State of Louisiana, Oral statement of	7
Fleming, Hon. John, a Representative in Congress from the State of Louisiana	2
Hastings, Hon. Doc, a Representative in Congress from the State of Washington	1
Prepared statement of	2
Landry, Hon. Jeffrey M., a Representative in Congress from the State of Louisiana	4
Prepared statement of	6
Southerland, Hon. Steve, II, a Representative in Congress from the State of Florida	3
Statement of Witnesses:	
Chauvin, Kimberly, Owner, Mariah Jade Shrimp Company, LLC	18
Prepared statement of	20
Davis, Lori, President, Rig-Chem, Inc.	14
Prepared statement of	17
Graves, Hon. Garret, Chairman, Louisiana Coastal Protection and Restoration Authority, Office of the Governor, Prepared statement of	10
Kratz, Owen, President and Chief Executive Officer, Helix Energy Solutions Group, Inc.	53
Prepared statement of	55
Lambert, Captain Ryan, President, Cajun Fishing Adventures	28
Prepared statement of	31
LeBlanc, Lori, Executive Director, Gulf Economic Survival Team	22
Prepared statement of	24
Massey, Martin W., Chief Executive Officer, Marine Well Containment Company	58
Prepared statement of	60
Robichaux, Brenda Dardar, Principal Chief (ex officio), United Houma Nation	33
Prepared statement of	35
Voisin, Michael C., Owner and CEO, Motivati Seafoods, Inc.	11
Prepared statement of	13
Zeringue, Jerome, Office of the Governor, on behalf of The Honorable Garret Graves, Chairman, Coastal Protection and Restoration Authority, Oral statement of	9

OVERSIGHT HEARING ON “GULF OF MEXICO: A FOCUS ON COMMUNITY RECOVERY AND NEW RESPONSE TECHNOLOGY.”

**Monday, April 18, 2011
U.S. House of Representatives
Committee on Natural Resources
Houma, Louisiana**

The Committee met, pursuant to call, at 9:00 a.m., in the Houma-Terrebonne Civic Center, 346 Civic Center Boulevard, Houma, Louisiana, Hon. Doc Hastings [Chairman of the Committee] presiding.

Present: Representatives Hastings, Fleming, Landry, Southerland.

Also Present: Representative Boustany.

STATEMENT OF THE HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

The CHAIRMAN. I thank all of you for being here. Good morning and I really look forward to this hearing we are having today.

I am Congressman Doc Hastings. I am from the State of Washington and in Washington, we say that is the real Washington to try to put things in perspective.

I have the privilege of being the Chairman of the House Natural Resources Committee. This Committee has broad jurisdiction over offshore and onshore energy production, public lands and policies affecting our oceans, fisheries and our wildlife.

As we approach the one-year anniversary of the tragic *Deepwater Horizon* accident, we must take a moment to remember the 11 men who lost their lives in the explosion, and those whose lives have been greatly affected by the subsequent actions of the spill. My colleagues from the Gulf region—and they are sitting up here at the table, among others—have made sure that everyone in our nation’s capitol knows about the real economic pain and hardship felt by those of you here in the Gulf. They have been tireless advocates on your behalf to help make this hearing today a reality. We have held numerous hearings on this topic back in D.C., but I am pleased to be here in Houma to see and learn firsthand from those of you that are directly affected.

For the past year, energy production operations in the Gulf have been sidelined, leaving thousands out of work. I do not have to tell you that. Rigs have left the Gulf for foreign countries, but with rising gasoline prices creeping up toward \$4.00 a gallon and maybe higher later on this spring, the United States simply cannot afford to shutter our American energy production. We all know energy production should be done in a safe, responsible manner. There has been significant changes in the past years to improve offshore drilling and the response thereto. As more is learned, Congress, the Administration and the industry will continue to respond appropriately.

I realize that the spill has impacted more than just the offshore oil and natural gas industry. The seafood industry, tourism and, of course, wildlife have also suffered significant losses. At today's hearing, I hope to learn, and my colleagues hope to learn, more about the status of community recovery efforts, ongoing obstacles to getting people in all industries back to work, the environmental impacts of new technologies to ensure that offshore drilling can move forward in a safe and responsible manner. So I am very, very pleased to be here. I look forward to the testimony.

I have my colleagues here and I am going to ask each of them to make an opening statement, but before I do that, I have to do a little bit of bookkeeping, because three of the four colleagues here are on the Natural Resources Committee, but one is not. So I have to do the bookkeeping. So I ask unanimous consent that our colleague, Charles Boustany, sit at the head table here and ask questions.

And without objection, so ordered.

At this time, I would like to recognize my colleague from northern Louisiana, John Fleming, for his opening statement. John.

[The prepared statement of Chairman Hastings follows:]

**Statement of The Honorable Doc Hastings, Chairman,
Committee on Natural Resources**

Thank you everyone for being here today. I'm Congressman Doc Hastings and I have the privilege to serve as Chairman of the House Natural Resources Committee. This Committee has broad jurisdiction over onshore and offshore energy production on public lands and policies impacting our oceans, fisheries and wildlife.

As we approach the one-year anniversary of the tragic Deepwater Horizon accident, we must take a moment to remember the 11 men who lost their lives in the explosion and those whose lives have been greatly affected by the subsequent oil spill.

My colleagues from the Gulf region have made sure that everyone in our Nation's Capitol knows about the real economic pain and hardship being felt here in the Gulf. They have been tireless advocates on your behalf and helped make this hearing today a reality. We've held numerous hearings on this topic back in D.C. but I'm pleased to be here in Houma to see and hear firsthand from those who have been directly impacted.

For the past year, offshore energy operations in the Gulf have been sidelined—leaving thousands of out of work. Rigs have left the Gulf for foreign countries but, with gasoline prices rising toward \$4 per gallon, the United States cannot afford to shutter American energy production.

We all know energy production should be done in a safe, responsible manner. There have been significant changes in the past year to improve offshore drilling and response. As more is learned, Congress, the Administration and industry will continue to respond appropriately.

I realize the spill has impacted more than just the offshore oil and natural gas industry. Fishermen, tourism, and of course wildlife have also suffered significant loss.

At today's hearing I hope to learn more about the status of community recovery efforts, on-going obstacles to getting people in all industries back to work, the environmental impacts and new technology to ensure that offshore drilling can move forward safely and responsibly.

**STATEMENT OF THE HON. JOHN FLEMING, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF LOUISIANA**

Dr. FLEMING. I thank the gentleman, Mr. Chairman.

I am from north Louisiana, a little town named Minden, Louisiana; I don't know if you have ever heard of it. I see a few heads shaking. It is outside of Bossier City/Shreveport. And I serve

on the Natural Resources and House Armed Services Committee. Also, I am Chairman of the Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs, and these issues are certainly very important to me as I also serve on the Energy and Mineral Resources Subcommittee of Natural Resources.

In my district, we have the issue of the Haynesville shale, which you would not think would be connected with offshore drilling, but it really is. And here is how it is connected. We are running into tremendous obstruction in Washington on drilling of any sort. There are folks in Washington who look for any opportunity possible to shut down drilling, to reduce exploration, do whatever they can, even to the point there has even been a suggestion that higher prices, higher gas prices, could be a good thing. It could force us to live closer to work, it could focus us to use so-called alternative forms of energy. And I have no problem with all of the above strategy, I have no problem with using solar if it works, using wind if it works. But to artificially subsidize or to artificially increase the cost of energy in any way, shape or form in order to achieve that, I think quite frankly is unAmerican and certainly is bad for consumers.

Now let us examine for a moment where the technologies are going. And again, back to offshore drilling. We have discovered in recent years, USGS says that we have more oil, gas and coal than any country in the world—I mean any—way more than Saudi Arabia. Russia is the closest one to us. And let us look specifically where we are on offshore drilling. We peaked out in 2010 at 1.7 million barrels a day of oil production. It is down now to 1.59 million barrels a day and because we are not going back and continuing the drilling process because of moratoriums and the slowdown in permits, et cetera, that number is continuing to drop off by as much as 250,000 barrels a day each year.

If we get back on track, we are going to go a lot more before we go up again, and that means higher prices at the pump. So it is essential that we get this fixed. Yes, we do have some challenges here, there are some technical problems related to blowout preventers and cleanups and all that. But at the end of the day, we are facing tens of thousands of jobs right here in this area that are being lost and going to other countries where we are going to have to buy the same oil from those countries—Brazil, Nigeria and other places—where these rigs have gone.

So I look forward to today's testimony but I think that we need to understand what the mood of the Nation is on this, where the consumers are and where many of the politicians are on this.

I thank you and I yield back.

The CHAIRMAN. I thank the gentleman for his statement.

Next I would like to introduce a new member of the Congress and a new member of this Committee, the gentleman from the panhandle of Florida, Mr. Steve Southerland. Steve.

STATEMENT OF THE HON. STEVE SOUTHERLAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SOUTHERLAND. Thank you, Mr. Chairman.

I am a new Member of Congress, we were sworn in on January 5. I live in Panama City, Florida, not too far from where we sit today. And our community deals with a lot of the issues that you have dealt with, especially regarding the fisheries. Not just the fisheries though, because there are many people that live over in northwest Florida—Pensacola, Fort Walton, Crestview, Panama City—that travel to New Orleans, travel to the southern part of Louisiana, and are gainfully employed because of the oil industry. I even have members of my family that that applies to. So the devastation of last year's oil spill obviously affected us in my neck of the woods. My family has lived in that part of the country for over 200 years, it is home, it is where our roots are. I took my baby steps on the beaches of Panama City, Florida. So I love our resources, I realize how critical they are, how it is a tourism destination, how the Southern hospitality—and by the way, I have certainly enjoyed that here over the last 24 hours, thank you so much for allowing us to be here.

As a new Member of Congress, I will tell you that you and I in this room want to talk about how we can continue to pursue our natural resources that we are so blessed to have in this country in a safe, effective and efficient manner. However, I will tell you it is very hard to deal with opponents who are not interested in us—they claim that they are interested in us pursuing our natural resources in a safe, effective, efficient manner, but really their desire is that we not have any access at all to those natural resources. Their goal—and I have said this at the Committee—their goal is that the Gulf of Mexico be an aquarium. And I believe that, I believe that with all my heart. So we must be very, very truthful in what our opposition intends for the Gulf of Mexico.

It is a privilege to be here today to listen, to hear the testimony of those that are kind enough to come before us today. I just thank you for your hospitality, thank you for what you do, thank you for your industrial desire, your creativity, your willingness to work hard, honest dealings, to pass on a brighter future to your children and your grandchildren. I applaud you, you represent all the greatness of this country.

Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman very much.

The next Member is somebody that probably needs no introduction right here, since he is your Congressman. He has been a valuable asset as a new member of this Committee as we have moved forward on this issue. So it is my pleasure to re-introduce to you Congressman Jeff Landry. Jeff.

STATEMENT OF THE HON. JEFFREY LANDRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. LANDRY. Thank you, Mr. Chairman. It is such a pleasure to be here today. I thank you for your leadership in the decision to bring the Committee here. I would like to thank our host today, past President Michel Claudet; the Houma-Terrebonne Civic Center Director Janel Ricca; and I would also like to thank the many people of coastal Louisiana here today for attending this important meeting to share our opinions on our jobs, our coasts and our way of life.

On Wednesday, we will mark a one-year anniversary of the tragic *Deepwater Horizon* disaster. It marks one of the darkest days in our history, in our Gulf history. All of us along the coast continue to mourn the 11 lives that were lost on that fateful day and we pray for the families of their loved ones.

As we grieve, we also yearn for the day when our oil and gas workers can return to work to provide for their families. When these men and women return to the platforms, they must return to a workplace that is safer than it was before. Due to the efforts of Helix, the Marine Well Containment Company and all of those who drill offshore, we are getting there. The drilling industry today is safer than it was the day before the accident.

However, as positive as these efforts are, they really only address the protection of the environment. These efforts do not address safety, the safety of the lives of the men and women working on the platforms that are delivering the energy for tomorrow's economy.

As the representative for the oil and gas industry and their workers, I am bound to protect the men and women working on those rigs. They are not only my constituents, they are also my neighbors, they are also my parishioners and they are also some of my closest friends.

As you all know, I am and have been fully committed to this industry and I fight for their jobs every day. I cannot look them in the eye or myself in the mirror if at the same time I was not fighting to make sure that they come home to their families after they have spent weeks out in the Gulf of Mexico working to provide our nation with the energy it needs to create jobs.

For this reason, on Friday, I introduced H.R. 1572, the Offshore Installation Emergency Evacuation Act. This legislation would require a standby vessel to be stationed within 12 miles of an offshore drilling installation. This bill recognizes that the most valuable resource in the Gulf of Mexico is not the oil and gas that lies beneath it, but the men and women who are willing to risk their lives to extract it. Congressman Tauzin recognized this fact 25 years ago when he introduced similar legislation.

I have spent countless hours talking to roughnecks, asking them about the drilling safety in a post-*Deepwater Horizon* world. They have expressed the fact that the lessons learned from the accident were immediately incorporated by the industry into their yearly, monthly and daily safety meeting. What concerns them are the factors which have not been addressed.

You see, when an accident occurs, we tend to focus only on the direct cause of the accident and we sometimes fail to look around to see if the accident does not bring into focus additional ancillary danger. Again, we have spent countless hours and millions of dollars of studies focusing on protecting the environment, but have not focused on the measures to protect the lives of the men and women who have dedicated themselves to producing this nation's energy. Congressman Tauzin is not the only one who believed these regulations were necessary.

Last year, Lieutenant Commander Michael Odom of the United States Coast Guard told a joint Coast Guard and MMS Board investigating the *Deepwater Horizon* accident that standby vessels

should be required. This sentiment is also supported by the official reports from the United States Coast Guard's Marine Board and National Transportation Safety Board in their investigation of previous accidents.

I recognize that standby vessels are not a complete solution to drilling emergencies. However, helicopters and lifeboats are not complete solutions either. We need a third leg of the worker protection stool, a reliable vessel on scene that can quickly assist in times of emergency. Remember that the *Deepwater Horizon* was equipped with a full complement of life boats and life rafts, yet men still made the unimaginable decision to jump for their lives. Had the Damon Bankston not been delivering drilling mud, these men would have been in the water for at least an hour and seven minutes, the time it took for the Coast Guard helicopter to get there.

The *Deepwater Horizon* accident happened at night and the helicopter spent tons of fuel just to get there. There is no guarantee that these assets would have been available to locate and recover all of the men had they jumped overboard. This legislation would guarantee that every man who committed his life to extract our nation's energy was met by an equal commitment that no matter what might happen on the rig, a vessel would be waiting safely to take them home.

I thank the Chairman again for having this hearing and I yield back the balance of my time.

The CHAIRMAN. I thank the gentleman.

And our last Member will be Congressman Charles Boustany. In the last Congress, after the BP spill, Congressman Boustany was the first to bring to our attention—and I say “our” collectively, the Congress—our attention, the effects of the moratorium on jobs and then the ensuing effects of the de facto moratorium on jobs. He has been an active player in this also in this new Congress. So I am pleased that he also came over. So, Congressman Charles Boustany.

[The prepared statement of Mr. Landry follows:]

**Statement of The Honorable Jeffrey M. Landry, a Representative
in Congress from the State of Louisiana**

Chairman Hastings welcome to Louisiana and thank you for your leadership and decision to bring the committee to Houma.

I thank the hosts of today's hearing, Terrebonne Parish President Michele Claude and Houma-Terrebonne Civic Center Director Janel Ricca.

I also thank the many people from Coastal Louisiana here today for attending this important hearing and sharing their opinions on our jobs, our coast, and our way of life.

On Wednesday, we will mark the one-year anniversary of the tragic Deepwater Horizon disaster. April 20, 2010 marked one of the darkest days in our history.

All of us along the Gulf Coast continue to mourn the 11 lives lost that fateful day, and we pray for their families and loved ones.

As we grieve, we also yearn for the day when our oil and gas workers can return to work and provide for their families.

When these men and women return to the platforms, they must return to a workplace that is safer than it was before. Due to the efforts of Helix, the Marine Well Containment Company, and all those who drill offshore, we're getting there. The drilling industry is safer than ever before.

However, as positive as these efforts are, they really only address the protection of the environment, they processes don't protect the lives of the men and women working on the platform in times of disaster.

As the Representative for our oil and gas workers, I am bound to protect the men and women working on the rigs. They are not only my constituents; they are also

my neighbors, my fellow parishioners, and my friends. I could not look them in the eye or myself in the mirror, if I did not fight to keep them safe.

For this reason, I introduced H.R. 1572—the “Offshore Installation Emergency Evacuation Act”—legislation that would require an Emergency Response and Rescue Vessel, or ERRVs, be stationed within 12 miles of offshore drilling installations.

I am sure there will be those who say having these standby vessels are an over-kill. That it does not directly address the dynamics which cost 11 men their lives.

But to quote my predecessor Congressman Billy Tauzin, who introduced a bill similar in concept, “when—in an effort to cut costs—industry eliminates or reduces the use of a standard safety practice [and] threatens the lives of the men and women who work offshore, I truly feel that it is time for Government to step in and do something.”

I have spent countless hours talking to rough necks asking them about drilling safety in a post Macondo world. The majority have expressed the fact that the lessons learned from the Macondo incident has rapidly been mandated by the industry in the yearly, monthly and daily safety meetings that they participate in. What concerns them are the factors which have not been addressed. You see when an accident occurs we tend to focus only on the direct cause of the accident and work safety from the part. We sometimes fail to look around to see if the accident does not bring into focus additional ancillary dangers.

Congressman Tauzin is not the only one who believed these regulations are necessary. Last year, Lt. Commander Michael Odom of the United States Coast Guard told a joint USCG–MMS board investigating the Deepwater Horizon accident that standby vessels should be required. This sentiment is also supported by the official reports from the United States Coast Guard’s Marine Board and National Transportation Safety Board’s investigation of previous accidents.

I recognize that ERRVs are not a complete solution to drilling emergencies. However, helicopters and lifeboats are not complete solutions either. We need a third leg of the worker protection stool, a reliable vessel on scene that can quickly assist in times of emergency.

Remember that Deepwater Horizon was equipped with a full complement of lifeboats and life rafts, yet men still made the commitment to jump for their lives.

Had the Damon Bankston not been delivering drilling mud, these men would have been in the water for at least one hour and seven minutes—the time it took for the first Coast Guard helicopter to reach the rig.

Deepwater Horizon happened at night, and the helicopters expended a lot of fuel just to get to the accident. There is no guarantee that these assets would have been able to locate or recover all the men who jumped over the rail.

I conclude by saying, I look forward to working with this committee in passing H.R. 1572 so our friends and neighbors can enjoy the protections that their peers in other nations already enjoy.

I yield back the balance of my time.

STATEMENT OF THE HON. CHARLES BOUSTANY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Dr. BOUSTANY. Well, thank you, Chairman Hastings. And I want to thank you and the Committee for offering this courtesy to me to participate in this hearing. I am not a member of the Natural Resources Committee, but I serve on the House Ways and Means Committee where I chair the Oversight Subcommittee and we deal with basically the Tax Code, trade issues and everything that affects the U.S. economy.

The bottom line for me is that we have a lot of things going on that affect our Gulf Coast economy. For those of you who do not know me personally, I represent the Southwest Coast of Louisiana and the Parishes of Cameron and Vermillion on the coast in particular, which are very similar to our area here in Southeast Louisiana with oil and gas production, our fishing, our seafood industry and so forth.

As has been said, we are approaching the one-year anniversary of this really tragic event, and it was tragic on so many levels—

the human tragedy, 11 lives lost; many have lost their businesses or their jobs as a result of all this. You cannot underestimate the impact—or over-estimate the impact of this human tragedy.

It is also an economic tragedy, environmental and ecological tragedy. And Chairman Hastings, I think you and others who do not live on the Gulf Coast of Louisiana will really start to understand through this hearing and through the many other contacts you have had with folks from down here on the coast, that we are pretty resilient. We have gone through multiple hurricanes and now this and we always manage to find a way to come back, because we have so much faith in who we are and our culture. That culture is linked to the coast. It is a culture that recognizes that energy policy, economic policy and environmental policy can all go hand-in-hand together. And that is what I think makes us unique here in Louisiana.

With regard to what has happened with American energy production, I think it is really important to understand that those cultural instincts that we have that go back generations are what really drives us to safety. Everyone who works on these rigs recognizes that they are our neighbors, our brothers, our sisters and others, we live together and we all look out for each other.

And so when a Federal bureaucrat like Michael Bromwich or a Ken Salazar says that Washington has to dictate safety, we know a little bit about safety down here, we live it day-in and day-out in so many aspects of our lives.

And so when this move was put on to shut down American energy production in the Gulf of Mexico with first a moratorium and then a de facto moratorium which still persists, what they are basically saying is that they do not believe in our culture, they do not believe that we care about who we are and about our brothers and sisters who work on these rigs, our families. And they do not understand that you just cannot turn this off and then turn it right back on like a light switch, because there is no school that teaches you all this on these rigs. It is like there is no school that teaches you the art of fishing, whether you are a commercial fisherman or a recreational fisherman, you learn it from experience by working. And that is why you cannot turn this on, after you have turned it off, so quickly. And that is what is at stake, basically our entire economy, whether it is in fishing, seafood, our oysters, our shrimp or our American energy production. It is critical that we get it going again today.

So I am thankful to you for holding this hearing and thank you to our panelists and those that are participating today.

Thank you, Mr. Chairman, I yield back.

The CHAIRMAN. Thank you very much. I want to thank all of my colleagues for their opening statements.

As I mentioned earlier, the topic of this oversight hearing is “Gulf of Mexico: A Focus on Community Recovery and New Response Technology.” We will have two panels. The first panel—distinguished panel—and we are looking forward to your testimony, is made up first of all of Jerome Zeringue, and I have to say right now that Mr. Zeringue is pinch-hitting for Garret Graves who is the Chairman of the Coastal Protection and Restoration Authority, who ironically was here last night but he told me he might be

called back to Washington, D.C., and he is probably on his way if he is not already there. So Jerome will be pinch-hitting for him. We have Michael Voisin, who is the President and CEO of Motivati Seafoods here in Houma; Lori Davis, President of Rig-Chem; Kim Chauvin, owner of Mariah Jade Shrimp Company; Lori LeBlanc, Executive Director of Gulf Economic Survival Team; Ryan Lambert, Cajun Fishing Adventures; and Brenda Dardar Robichaux—I hope I said that correctly—who is Chief Principal of the United Houma Nation.

A little bit of bookkeeping, in front of Ms. Chauvin, there is a timing light and the way that works, we want you to confine your remarks as closely as you possibly can to five minutes. Your full statement will appear in the record, and so your oral remarks, if you can keep them to five minutes, I would appreciate that. And the reason for the lights, when the green light is on, it means the time has started. When the yellow light goes on, it means you have one minute left and when the red light comes on, you are in deep danger.

[Laughter.]

The CHAIRMAN. I say that kiddingly because I want people to finish their remarks, but we want to have as much interaction as possible, so I would just ask if you could keep your remarks to five minutes, I would very, very much appreciate that.

So Mr. Zeringue, you are on.

STATEMENT OF JEROME ZERINGUE, DEPUTY EXECUTIVE DIRECTOR, COASTAL PROTECTION AND RESTORATION AUTHORITY

Mr. ZERINGUE. Thank you, sir.

Chairman Hastings and members of the Committee, thank you for the opportunity to provide testimony this morning. As the Chairman said, I am pinch-hitting for Garret. My batting average is not as high as his, but I am trying to work my way out of the minors. But again, we appreciate you all coming here this morning and thank you for your time.

Mr. Chairman, my testimony will cover three important topics today. These include the coexistence of offshore energy production with ecosystem productivity, the *Deepwater Horizon* disaster and, finally, issues related to the current and future production of offshore energy in the Gulf of Mexico.

For decades, coastal Louisiana has provided more offshore energy than any other state while also serving as the top producer of shrimp, oysters, blue crab and crawfish. These two activities have coexisted with little conflict. In fact, U.S. Fish and Wildlife Service referenced coastal Louisiana as the most productive estuary on the continent. This same Gulf of Mexico ecosystem is the source of billions of barrels of oil and trillions of cubic feet of natural gas that have been safely produced.

On April 20, 2010, the *Deepwater Horizon* platform exploded killing 11 workers and causing the release of hundreds of millions of gallons of oil into our Gulf. We recognize and support any efforts to fully investigate the cause of the *Deepwater Horizon* deaths and disaster. The responsible parties should be held fully accountable for their actions and efforts should be made to assist the families

of those 11 victims. In addition, any applicable lessons learned from the *Deepwater Horizon* errors should be incorporated into current and future offshore energy operations. However, just as we do not take drivers off the road every time there is an automobile accident or stop airplanes from flying following a crash, shutting down offshore energy production and penalizing all for the negligence of this one facility is not fair.

Further, the decision to stop deepwater production and install obstacles to shallow water extraction under the auspices of environmental protection fails the reality test. Mr. Chairman, the moratorium did not cause a corresponding reduction in energy demand. America continues to consume a relatively stable level of energy. The void created by decreased domestic energy production resulting from the moratorium is being met with imports from many nations. The top five exporters of energy to the United States includes Nigeria, with much lower environmental standards than those of the United States. Venezuela is also a top producer of energy provided to the United States. Venezuela's leader, Hugo Chavez, is the antithesis of America's values, yet we provide billions of dollars to that country's economy while eliminating employment opportunities here at home.

There is something wrong with an oil supertanker sailing half-way around the world emitting greenhouse gases and risking a spill only to pass idle offshore energy production facilities in the Gulf of Mexico.

Another example of the adverse environmental impact of the moratorium is that offshore energy revenues provided to the state under the Gulf of Mexico Energy Security Act are dedicated to environmental restoration and coastal resiliency efforts we have here ongoing in Louisiana. Preventing a new offshore energy production facility actually prevents the state from investing in wetlands restoration; again, resulting in a net loss to our environment. The moratorium prevents the restoration of Louisiana's coastal wetlands.

This policy, installed under the auspices of environmental protection, actually results in increased environmental impacts, the loss of American jobs and a large trade deficit.

Last, the moratorium will result in billions of dollars in decreased revenues to the Federal government from offshore energy production, thereby increasing the Federal deficit. This is the last thing our nation needs in these challenging economic times.

Members of the Committee, we thank you for your efforts to address these issues that confront a national treasure, which are the wetlands and the resources of coastal Louisiana.

Thank you.

[The prepared statement of The Honorable Garret Graves follows:]

**Statement of The Honorable Garret Graves, Chairman,
Louisiana Coastal Protection and Restoration Authority**

Chairman Hastings and members of the Committee, thank you for the opportunity to provide testimony to you this morning. We appreciate your Committee's attention to the critical natural resource challenges currently facing our state and nation.

Mr. Chairman, my testimony will cover three important topics today. These include, the coexistence of offshore energy production with ecosystem productivity, the Deepwater Horizon disaster and, finally, issues related to the current and future production of offshore energy in the Gulf of Mexico.

For decades, coastal Louisiana has provided more offshore energy than any other state while also serving as the top producer of shrimp, oysters, blue crab and crawfish. These two activities have coexisted with little conflict. In fact, U.S. Fish and Wildlife Service referenced coastal Louisiana as one of the most productive estuaries on the continent. This same Gulf of Mexico ecosystem is the source of billions of barrels of oil and trillions of cubic feet of natural gas that have been safely produced.

On April 20, 2010, the Deepwater Horizon platform exploded killing 11 workers and causing the release of hundreds of millions of gallons of oil into our Gulf. We recognize and support any efforts to fully investigate cause of the Deepwater Horizon deaths and disaster. The responsible parties should be held fully accountable for their actions and efforts should be made to assist the families of the 11 victims. In addition, any applicable lessons learned from the Deepwater Horizon errors should be incorporated into current and future offshore energy operations. However, just as we do not take drivers off the road every time there is a car accident or stop all airplanes from flying following a crash, shutting down offshore energy production penalizes all for the negligence of one facility.

Further, the decision to stop deepwater production and install obstacles to shallow water extraction under the auspices of environmental protection fails the reality test. Mr. Chairman, the moratorium did not cause a corresponding reduction in energy demand. America continues to consume a relatively stable level of energy. The void created by decreased domestic energy production resulting from the moratorium is being met with imports from many nations. The top five exporters of energy to the United States includes Nigeria—with much lower environmental standards than those of the United States. Venezuela is also a top provider of energy to the United States. Venezuela's leader, Hugo Chavez, is the antithesis of America's values yet we provide billions of dollars to that country's economy while eliminating employment opportunities here at home.

There is something wrong with an oil supertanker sailing half way around the world emitting greenhouse gases and risking a spill only to pass idle offshore energy production facilities in the Gulf of Mexico.

Another example of the adverse environmental impact of the moratorium is that offshore energy revenues provided to the state under the Gulf of Mexico Energy Security Act are dedicated to environmental restoration and coastal resiliency efforts under Louisiana's constitution. Preventing new offshore energy production actually prevents the state from investing in wetlands restoration—again, resulting in a net loss to our environment. The moratorium prevents the restoration of Louisiana's coastal wetlands.

This policy installed under the auspices of environmental protection actually results in increased environmental impacts, the loss of American jobs and a large trade deficit.

Last, the moratorium will result in billions of dollars in decreased revenues to the federal government from offshore energy production thereby increasing the federal deficit. This is the last thing our nation needs in these challenging economic times.

The CHAIRMAN. Thank you very much for your testimony.

Next is Mr. Michael Voisin, President and CEO of Motivatit Foods here in Houma.

STATEMENT OF MICHAEL VOISIN, OWNER & CEO, MOTIVATIT SEAFOODS

Mr. VOISIN. Thank you, Mr. Chairman and members of the Committee and Congress, for the opportunity to speak to you this morning relating to the recovery of the seafood community due to the impact of the *Deepwater Horizon* oil spill in the Gulf of Mexico, and what you as Congress can do. I am Mike Voisin, a seventh generation seafood harvester and processor in South Louisiana.

The spill has clearly been an ecological and human challenge that will surely affect not only the fragile habitats where fisheries including shrimp, crab and oysters are harvested, but the very core

of the community that brings these iconic delicacies from the waters of the Gulf to the tables of America. The Gulf community is one built not only on the bounty of pure waters, but on the backs of small businessmen and women whose families, like mine, emigrated to the shores of Louisiana; called by the sea and a culture like no other in this country. That culture and these Americans need your support during these challenging times. Fishermen, shrimpers, oystermen who harvest safe, healthy seafood from the Gulf are being impacted significantly by the marketability and brand of their harvest.

At this point, there are many ways in which you in Congress can support our local economy as we work to recover one year after the *Deepwater Horizon* events. In the last year, the Gulf Coast seafood community has worked diligently to identify several outstanding challenges, and I would like to take this opportunity to highlight a few of those and offer solutions that potentially you can support. I am glad to see Mr. Boustany is here because one of these relates to the Ways & Means Committee.

First, it is imperative that consumers regain confidence in the safety and quality of Gulf Coast seafood. In a poll conducted by LSU in October, 75 percent of all consumers still expressed a high level of concern that seafood from the Gulf of Mexico would be tainted with oil and dispersants, a concern that is completely unfounded yet continues to plague our local seafood economy. At a time with the Federal government is increasing its daily recommendation for seafood consumption because of its proven health benefits, we must be aggressive in alleviating any unfounded concerns about Gulf Coast seafood products.

On March 3, a delegation of 34 Senators and Members of Congress, many who sit on this Committee, signed a letter to President Obama outlining the need for stronger communications with the American public regarding the safety of Gulf seafood. The Administration promptly responded with the rollout of additional NOAA testing and a reinvigorated effort to promote the results of these tests. However, I fear that this may not be enough. Going forward, there may be a significant opportunity to address the long-term marketing needs of the Gulf Coast seafood community in the form of Federal legislation being drafted to direct the Clean Water Act penalties back to the Gulf Coast for environmental and economic rehabilitation. Given the ongoing perception challenges we face with consumers, I strongly recommend that a portion of any Clean Water Act penalties be set aside specifically for Gulf Coast seafood marketing. This type of expenditure would not be a luxury, but a necessity to ensure the healing of our local seafood community.

Next, Congress should pass legislation that would defer income taxes for small business reimbursements that are reinvested in the local economy. As it stands, small businesses who receive lump sum payments from BP to cover lost profits may incur significant income tax liabilities. In the oyster industry specifically, we stand to receive payments that could cover up to four years of lost income at one time and, as you can imagine, the tax responsibilities of receiving that much income in one year are astronomical. Let it be known that we are not seeking any kind of tax holiday, we would support requiring business owners to pay full amounts owed on any

portion of income that is not promptly reinvested in the local community. This deferral would simply give our neighbors impacted by the oil spill adequate opportunity to put these reimbursement payments to the best use in our local economy.

In light of today being Federal tax day, I strongly urge the Committee to take this request back to Washington, D.C., and I am sure Congressman Boustany will do that, and nudge your colleagues on the House Ways & Means Committee and Senate Finance Committee along with this important issue.

Last, I would strongly urge members of this Committee to get behind H.R. 1228, the Natural Resources Restoration Act. This legislation was recently introduced by Representative Landry in the House and Senator Vitter in the Senate, and requires a down payment on the Natural Resource Damage Assessment process in order to expedite funds BP and other responsible parties will pay to help address the natural resources harmed by the *Deepwater Horizon* spill. Under current law, the NRDA process can take anywhere from 10 to 20 years and this is time we in the seafood community simply do not have. H.R. 1228 would ensure that those responsible for last year's oil spill come to the table with state trustees within 30 days to negotiate a portion of payments that would be made upfront to affected communities.

Charles Darwin said, "It is not the strong that survive, it is not the most intelligent, but those that survive are those that adapt to change." We have been challenged many times in the past several years and we have adapted to those changes necessary to survive, and with your help we will not only survive but we will once again thrive.

I want to thank you again for this opportunity and at the appropriate time I will be glad to answer any questions.

The CHAIRMAN. Thank you very much for your testimony.

Next, Lori Davis, the President of Rig-Chem.

[The prepared statement of Mr. Voisin follows:]

**Statement of Mike Voisin, CEO, Motivatit Seafoods, LLC,
Representing the Gulf Oyster Industry Council**

Thank you for the opportunity to speak to the Committee today relating to the recovery of the Seafood Community relating to the impact of the Deepwater Horizon oil spill in the Gulf of Mexico and what you and Congress can do to help. I am Mike Voisin, a 7th generation seafood harvester and seafood processor in South Louisiana. The spill has clearly been an ecological and human challenge that will surely effect not only the fragile habitats where fisheries, including shrimp and oysters are harvested but the very core of the community that brings these iconic delicacies from the waters of the Gulf to the tables of America. The Gulf community is one built not only on the bounty of pure waters but on the backs of small business men and women whose families, like mine, emigrated to the shores of Louisiana; called by the sea and a culture like no other in this country. That culture and those Americans need your support during these challenging times. Fishermen, shrimpers and oystermen who harvest safe, healthy seafood from the Gulf are being impacted by the marketability and brand of their harvest.

At this point, there are many ways in which Congress and the Committee can support our local economy as we work to recover one year after the Deepwater Horizon spill. In the last year, the Gulf coast seafood community has worked diligently to identify several outstanding challenges and I would like to take this opportunity to highlight a few solutions that could use your support.

First, it is imperative that consumers regain confidence in the safety and quality of Gulf coast seafood. In a poll conducted by Louisiana State University in October, 75% of all consumers still expressed a "high-level" of concern that seafood from the Gulf of Mexico would be tainted with oil and dispersants—a concern that is com-

pletely unfounded yet continues to plague our local seafood economy. According to extensive testing done by the National Oceanographic and Atmospheric Administration (NOAA), the Environmental Protection Agency (EPA) and the individual states, over 99% of the 300,000 organisms sampled are completely safe, wholesome and ready for your family's dinner table. At a time when the federal government is increasing its daily recommendation for seafood consumption because of its proven health benefits, we must be aggressive in alleviating any unfounded concerns about Gulf coast seafood products.

On March 3rd, a delegation of 34 Senators and Members of Congress, many who sit on this Committee, signed a letter to President Obama outlining the need for stronger communication with the American public regarding the safety of Gulf Seafood. The Administration promptly responded with the rollout of additional NOAA testing and a reinvigorated effort to promote the results of these tests. However, I fear this may not be enough. Going forward, there may be a significant opportunity to address the long term marketing needs of the Gulf Coast seafood community in the form of federal legislation being drafted to direct Clean Water Act penalties back to the Gulf Coast for environmental and economic rehabilitation. Given the ongoing perception challenges we face with consumers, I strongly recommend that a portion of any Clean Water Act penalties be set aside specifically for Gulf coast seafood marketing. This type of expenditure would not be a luxury but a necessity to ensure the healing of our local seafood economy.

Next, Congress should pass legislation that would defer income taxes for small business reimbursements that are re-invested in the local economy. As it stands, small businesses who receive lump sum payments from BP to cover lost profits may incur significant income tax liability. In the oyster industry specifically, we stand to receive payments that would cover up to four years of lost income at once and, as you can imagine, the tax responsibilities of receiving that much income in one year are astronomical. Let it be known that we are not seeking any kind of tax "holiday"—we would support requiring business owners to pay the full amount owed on any portion of the income that is not promptly reinvested in our local community. This deferral would simply give our neighbors impacted by the oil spill adequate opportunity to put these reimbursement payments to the best use in our local economy.

Last December, a group of Gulf Coast senators led by Senator Roger Wicker from Mississippi worked diligently to include language to address this income tax issue in the tax cut package that was signed into law prior to the 111th Congress adjourning. Despite the efforts of Senators Wicker, Vitter, Landrieu and others, this language was not included in the final legislation, yet the need is still great. In light of today being federal "tax day", I strongly urge the Committee to take this request back to Washington, D.C., and nudge your colleagues on the House Ways and Means and Senate Finance Committees along on this important matter.

Lastly, I would strongly urge Members of this Committee to get behind H.R. 1228, the Natural Resources Restoration Act. This legislation was recently introduced by Representative Landry in the House and Senator Vitter in the Senate and requires a down payment on the Natural Resource Damage Assessment (NRDA) process in order to expedite funds BP and other responsible parties will pay to help address natural resources harmed by the Deepwater Horizon spill. Under current law, the NRDA process can take anywhere from 10—20 years and this is time we in the seafood community simply do not have. H.R. 1228 would ensure that those responsible for last year's oil spill come to the table with state trustees within 30 days to negotiate a portion of the payments that would be made up front to affected communities. This type of streamlined, public-private process is exactly the type of effort that will ensure our local oyster beds, estuaries, wetlands, and fish stocks are addressed now so that local communities can benefit long into the future.

Charles Darwin said, "It is not the strong that survive, it is not the most intelligent, but those that survive are those that adapt to change". We have been challenged many times in the past several years and we have adapted to the changes necessary to survive and to thrive, with your help we will not only survive but once again thrive!

Thank you again for this opportunity to address you and I would be glad to answer any questions that you might have at the appropriate time.

STATEMENT OF LORI DAVIS, PRESIDENT, RIG-CHEM

Ms. DAVIS. Good morning, Chairman Hastings and Committee Members.

The CHAIRMAN. Could you speak more closely into that microphone?

Ms. DAVIS. Thank you for traveling to Houma, my hometown, and allowing me the opportunity to share my comments regarding how my company has attempted to recover from the moratorium and de facto moratorium imposed by the Obama Administration without just cause and to address the challenges we continue to face in business, life and community one year later.

My name is Lori Davis, I am the President and co-owner of Rig-Chem. We are a small woman-owned specialty chemical manufacturer supplying the oil and gas industry. As we approach the anniversary of the BP *Deepwater Horizon* catastrophic event where people's lives were lost, the environmental impact and damage that is still being assessed and personally my company has lost 70 percent of its business. That is a challenge we still face today.

Rig-Chem was formed in 1980 as a small business catering to the drilling industry and in 1984, my father, who is here with me today, was forced into early retirement by the downturn in the oil and gas industry. With his \$25,000 severance package given to him by his employer Schlumberger after 21 years of service, he bought stock in Rig-Chem. He and my mother created an environment and opportunity for his children with hopes that the company would grow and support our family for many years to come. During the years to follow, we faced tough times through competition, business challenges as many small family owned companies face. Through hard work and dedication, we continued to fight, never turning our focus from the industry we supported and that supported us.

Today, I have been faced with a battle that we were never prepared to fight. Since the moratorium on our industry and the slow recovery, things have been extremely difficult. Our emotions continue to run high and the people that remain are still concerned about their uncertain futures. The majority of my family has stayed with the company. My sister, who is my business partner, my son, daughter-in-law and cousin have all committed to making things work no matter what we have to do. Other employees that have been with us for many years who are all just like family have also made commitments to stay, but sadly several others after experiencing the daily pressures of worry, anxiety and concern for their jobs decided to leave to work with companies they felt offered more security. Many companies I speak with have chosen to compromise by not laying off their well-trained people and deciding to use a mixture of funding sources and in turn have kept the Federal government free from the long unemployment lines that were expected.

Last year when I was asked what were we going to do to survive this catastrophe and if we were going to lay any people off, my answer was definitely not, not today, we are in hurricane mode, that is what we plan for during this time of the year. We have learned from past experiences, more recently Katrina, Rita, Gustav and Ike that pulling together and being prepared helps us through these difficult times and being a small company, today is positively a blessing, but this cannot last forever. In this competitive environment replacing and training people is too hard in an industry driven by experience and safety requirements and letting people go

would create such a setback that it makes more sense to enter survival mode and just adjust instead.

That was my statement June 24, 2010. Today things are quite different. The adjustments we made to remain in business were to deeply cut every day into our quickly diminishing savings. For the first time ever, we had to activate lines of credit to keep afloat for the basic expenses, which were difficult to accomplish during these times when banks were also feeling the pressure. If we had not had the liquidity in our company and the stability of personal finances, we would have been out of business. Small businesses under normal circumstances usually have a tough time competing due to size. However, today, coupled with industry permitting issues, lack of the ability to quickly move operations into other markets, the loss of employees to large companies with deeper pockets and more resources, we are severely struggling. Also, increases in material costs due to high oil and gas prices have added a tremendous burden to our already vulnerable position. Company plans remain on hold for desperately needed capital improvements to our 22-year-old facility which also adds to our worries.

We had determined that Rig-Chem could maintain without cutting salaries or benefits for our 15 Louisiana employees, two from Texas and one from Maine where we provide 100 percent employee health care coverage, an 11 percent profit sharing contribution plus a four percent 401k matching contribution along with disability, dental, life and two weeks paid vacation until December 2010. Sadly we were forced to eliminate the profit sharing contribution which had been in force since 1996, reduce the benefits to our health care plan, continue with a spending freeze and eliminate any capital expenditures until further notice. These cuts only represent the changes imposed at Rig-Chem to date. I firmly believe each household in this community has experienced a reduction in benefits or income unless they were employed to support or advantage from the BP cleanup operations.

As a company, we have been forced to look for other opportunities, some outside this state and others outside this country. This catastrophic event has been a hurricane with no end in sight and in no way an event we were ever prepared to weather or financially support. We have even filed a claim with BP but been denied.

As the lifting of the moratorium occurred, it implied that people were back to work and our industry was back to normal. Things will never be the same and I believe we all agree that the tragedy which occurred at Macondo and the loss of life and environmental impact surrounding this event should never be repeated. We also know that we need more than ever something that resembles normal for our people and to help us heal from the unspeakable neglect by our Federal government. It may very well mean for some to leave an industry, leave this state or maybe even this country.

If we are ever going to recover from this, we must speak out, share our fears, educate the individuals and help them to understand that we are not the bad guys; we are hard workers, families, business owners and individuals doing what we know, what we love, and what keeps this country safe and moving forward while doing it safely.

We all want a safe and healthy environment, we understand the need for alternative energy. It just cannot begin by flipping a switch and wiping out an entire industry in the process. We have learned a valuable lesson and look to the future without the additional burdens and fears. I believe by your being here today is a step in the right direction. Please give us the help and support that we need to get all the men and women in the oil and gas industry back to work.

Thank you.

The CHAIRMAN. Thank you very much for your statement.

The next witness is Kim Chauvin, who is the owner of Mariah Jade Shrimp Company.

[The prepared statement of Ms. Davis follows:]

Statement of Lori Davis, President, Rig-Chem, Inc.

Thank you Committee Members for giving me the opportunity to share my comments regarding how my company, Rig-Chem, Inc. has attempted to recover from the Deepwater Moratorium and Defacto Moratorium imposed by the Obama Administration without just cause and to address the challenges we continue to face in business, life and community one year later.

Rig-Chem was formed in 1980 as a small business catering to the drilling industry and in 1984 my Father was forced into early retirement by the downturn in the oil and gas industry. With his \$25,000 severance package given to him by his employer Schlumberger after 21 years of service he bought stock in Rig-Chem. He and my Mother created an environment and opportunity for his children with hopes that the company would grow and support our family for many years to come. During the years to follow we faced tough times through competition, business challenges as many small family owned companies face. Through hard work and dedication we continued to fight never turning our focus from the industry we supported and that supported us.

Today as President and co-owner of Rig-Chem I have been faced with a battle that we were never prepared to fight. Since the Moratorium on our industry and the slow recovery things have been extremely difficult. Our emotions continue to run high and the people that remain are still concerned about their uncertain futures. The majority of my family have stayed with the company, my sister who is my business partner, my son, daughter in-law and cousin have all committed to making things work no matter what we have to do. Other employees that have been with us for many years who are all just like family have also made commitments to stay but sadly several others after experiencing the daily pressures of worry, anxiety and concern for their jobs decided to leave to work with companies they felt offered more security. Many companies I speak with have chosen to compromise by not laying off their people and deciding to use a mixture of fund sources and in turn have kept the Federal Government free from the long unemployment lines that were expected!

Last year when I was asked what were we going to do to survive this catastrophe and if we were going to lay any people off, my answer was *"definitely not, not today, we're in hurricane mode, this is what we plan for during this time of the year We have learned from past experiences more recently Katrina, Rita, Gustav and Ike that pulling together and being prepared helps us through these difficult times and being a small company today is positively a blessing but this can't last forever!!! In this competitive environment replacing and training people is too hard in an industry driven by experience and safety requirements and letting people go would create such a set back that it makes more sense to enter survival mode and adjust instead."*

That was my statement on June 24, 2010 today things are quite different. The adjustments we have made to remain in business were to deeply cut everyday into our quickly diminishing savings. For the first time ever we have had to activate lines of credit to keep a float for the basic expenses which were a difficult thing to accomplish during times when banks are also feeling the pressure. If we had not had the liquidity in our company and the stability of personal finances we would have been out of business. Small businesses under normal circumstances usually have a tough time competing due to size. However today coupled with industry permitting issues, lack of the ability to quickly move operations into other markets, the loss of employees to large companies with deeper pockets and more resources we are severely struggling. Also, increases in materials due to high oil and gas prices have added a tremendous burden to our already vulnerable position. Company plans re-

main on hold for desperately needed capital improvements to our 22 year old facility which also adds to our worries.

We had determined that Rig-Chem could maintain without cutting salaries or benefits for our (15 Louisiana) 2 (Texas) and 1 (Maine) employee that we provided with, 100% employee health care coverage, an 11% profit sharing contribution plus 4% 401K matching along with disability, dental, life insurance and 2 week paid vacation until December of 2010. Sadly we were forced to eliminate the profit sharing contribution which had been in force since 1996, reduce the benefits to our healthcare plan, continue with a spending freeze and eliminate any capital expenditures until further notice. These cuts only represent the changes imposed at Rig-Chem to date. I firmly believe each household in this community has experienced a reduction in benefits or income unless they were employed to support or advantage from the BP cleanup operations.

As a company we have been forced to look for other opportunities some outside this state and others outside this country. This catastrophic event has been a hurricane with no end in sight and in no way an event we were ever prepared to weather or financially support.

As the lifting of the moratorium occurred it implied that people were back to work that our industry was back to normal. Things will never be the same and I believe we all agree that the tragedy which occurred at Macondo, the loss of life and environmental impact surrounding this event should never, never be repeated. We also know that we need more than ever something that resembles normal for our people and to help us heal from the unspeakable neglect by our Federal Government. It may very well mean for some to leave an industry, leave this state or maybe even this country.

If we're ever going to recover from this we must speak out, share our fears, educate the individuals and help them to understand that we're not the bad guys; we're hard workers, families, business owners and individuals doing what we know what we love and what keeps this country safe and moving forward doing it safely.

The Obama administration has done absolutely nothing to protect, help or support us as people in an industry that feeds, protects and powers this nation. Our call for transparency should be heard and agendas removed. We need clear supported direction from our Government with quick response and action!

I'm tired of feeling the constant battle against us by the people chosen to lead us during difficult times. . . . This has been an insult and a direct and personal attack on us individually and on us an entire industry that has for many years proven that it can operate safely. Why should one company's mistakes become the burden for our entire industry. . . .this is wrong and undeserved.

We all want a safe, healthy environment; we understand the need for alternative energy. It just can't begin by flipping a switch and wiping out an entire industry in the process.

Thank you,

**STATEMENT OF KIM CHAUVIN, OWNER,
MARIAH JADE SHRIMP COMPANY**

Ms. CHAUVIN. Good morning, Chairman and Committee Members. I am going to speak to you from the heart because you already have the report that we sent in. I was asked to come here to tell you about our experiences with Feinberg, GCCF, BP and let you know what has been going on.

First of all, we have no transparency. We have investigators that come down, not only once, not twice, four times, to the same business. What they are doing is losing our paperwork and it is a continual process because not only have they lost it once—ten times on just mine, ten times. No one loses that much paperwork. This is ridiculous. And if it is happening to me, then you have to look beyond just one company and look back in the back of me and you will see a whole seafood industry and whatever other industries are in the back of us, and know that they have lost all of that.

My first question to Feinberg at this civic center when he first came down was who is going to protect our identities. Lo and behold, a laptop has been lost with all of my information—tax ID, So-

cial Security numbers, all of my workers' information, and they are telling us that we will be OK with this, no one can get into it, it is going to be safe. Let me tell you something, I do not believe anything that BP has to say any more because they lied from day one.

So as far as GCCF, there is no accountability process. I cannot call in to find out what is going on with our claims because the person that you speak to has no clue either. You have to hire a public adjuster or a lawyer, and that is the only way you are going to get any answers. And you are going to pay five to 25 percent of what you are going to get. This is ridiculous. We should be able to talk to the person who is making decisions on that.

Then, you know, as a seafood industry, I kind of talk about the overcoming part of many different things that we have dealt with. We have adapted to imports, we have adapted to hurricanes, government regulations. We cannot adapt to an oil spill. There has to be help for the seafood industry.

At this point, because I have not been paid emergency payments on Mariah Jade Shrimp Company, I now have to go and seek out lines of credit that I was not going to have to do. This is beyond anything that I ever could imagine, and it is not fair to those of us who were not going to have to use credit to do this. Feinberg made a decision about a two-year payout and he sugarcoated what our industry was going through.

Now when you take and understand that there has to be a lot more testing—and there has been a lot of testing already done on the seafood, but there is public perception that we have to deal with. There is going to have to be years of testing. We welcome that with open arms, we want that. We want to assure the public of what is out there.

We have to worry about stricter regulations because of the oil spill and the dispersant and what it has done. That is a real deal for the commercial fishermen that are going out there. We pull bi-catch reduction devices, we pull turtle excluder devices, and what is next for the commercial fishing industry? The fishermen are going to wind up paying for whatever comes out of this when it comes to regulations.

My husband is a fourth generation commercial fisherman. He has been on the water for 20 years and then we built a dock. That was our adaptation to imports. In 2001, we owned one vessel. In 2009, we owned three vessels and a dock, we adapted and now we are suffering—25 years, we have been in this business and Mr. Feinberg says my company is only worth \$25,000. That is \$1000 a year. Is he kidding me? We have put blood, sweat and tears into this process, worked seven days a week. And this is what I told Mr. Feinberg: You go home to your cushy little place and have not to worry about who is going to pay you or where it is coming from because you are so well compensated by BP. And the others of us are worrying about how we are going to keep our companies going, if we are going to have to lay off people, which we have. We had 20 employees, we now have seven. There is so much to worry about here and he has none of those worries.

I would say that we need some accountability in this process, we need some transparency. It does not make sense for Feinberg to be able to pick through my 13 years of documentation that I gave, two

years of P&L statements. I'm telling you, the only thing I have not given this man is my birth certificate and my blood type—that is it. I have given him everything else. This is beyond craziness.

He needs to start paying. And if he tells you well, I have paid \$4.9 billion—that is great, maybe those people deserve it, let them go on their way, it is a good thing. The fund is a \$20 billion fund. He says he paid out 174, there are 800,000 claims. He told us at the beginning that we would start from the water on. That has not happened either. We are lost in the system of red tape and now we are having to go to banks that are very leery about lending money.

Thank you.

[Applause.]

The CHAIRMAN. Thank you very much for your testimony.

Our next witness is Lori LeBlanc, who is Executive Director of Gulf Economic Survival Team. You are recognized.

[The prepared statement of Ms. Chauvin follows:]

Statement of Kimberly Chauvin, Owner of Mariah Jade Shrimp Company, LLC., A.J. Horizon, Inc., Captain David Chauvin, LLC and Dusty James, LLC

My name is Kimberly Chauvin. I'm the owner of a seafood dock called Mariah Jade Shrimp Company and I own three other companies –A.J. Horizon, Inc. which owns the vessel the Mariah Jade—Captain David Chauvin, LLC which owns the vessel the Capt. David and Dusty James, LLC which owns the vessel the Dusty James. My husband and I have been in business for 25 years. My husband is a fourth generation fisherman and both of my boys have been deeply involved in our business by captaining two of our vessels and working our dock when they were on land. They were in training to one day become the owners of what we have built over the years when the BP disaster occurred.

On April 20, 2010 we had no idea the day would weigh on the commercial fishing industry so heavily. Looking back on how this tragic event unfolded, I'm amazed at the ineptness of those who made the decisions on the Deepwater Horizon rig. I am amazed as well at those who made the decisions in the cleanup effort and those who are making the decisions on how to pay those affected.

We have been working our way through this nightmare that caught the commercial fishing industry and many other industries totally unaware with the BP oil spill. At the beginning of this tragedy, BP was issuing checks to those who had made claims. Although, we did not collect much of anything with BP we had hopes that the Mr. Feinberg and the GCCF would correct that. Nothing much has changed with the President's appointed pay czar. Matter of fact, I was worried about how this would turn out since there would be no way to hold President Obama's pay czar accountable. As it turns out, I had every reason to worry. With Mr. Feinberg at the helm, there is no transparency nor is there rhyme or reason to his methods of paying individuals and businesses their emergency funds. We have expressed through many different meetings with Mr. Feinberg the need for transparency. I have been to many of his town hall meetings and handed paperwork over with claim numbers and issues. We all get the same answer, "I'll have someone call you within 48 hours to work with you." The phone call comes for some, but the working it out part never happened for us and many others like us.

We have sent in all of our documentation (tax papers, documentation of our vessels, commercial fishermen's licenses, vessel licenses, wholesale/retail licenses, P&L statements, trip tickets..etc. The only thing I haven't given them is my birth certificate and my blood type) no less than ten times through GCCF claims center and the computer. In addition we have spent over \$25,000 in getting all the paperwork ready and in order with our CPA. Altogether we have sent in over 13 years of taxes to the GCCF claims center to show that we have viable companies. GCCF has sent 4 separate investigators down to our place. We had no problem with the first one, the second one we were seriously wondering what was happening, by the third set of investigators we understood that this is a stall tactic and by the fourth we were in no mood to begin giving him the same information that we had given to the others. With the third set of investigators, we spent more than two hours of our time explaining each one of our businesses. We had them show us what paperwork they had in their folders. Sad to say some of the paperwork wasn't ours and the rest

looked like they had taken the information that we had given separately for each business and shuffled it up with little of what we had given them. I went to my office and pulled out each one of my files for each business to show them exactly what they should have in the files. They weren't surprised and said this happens all the time. Their job was to make sure that we were not trying to file fraudulent claims which we satisfied with showing them our business and explaining what we do. We were hoping that would produce an emergency payment from the GCCF claims center, but that never materialized. What did materialize was another phone call from the fourth investigator asking for more paperwork. I inquired as to what he already had in the system. It's no surprise that he was missing more than half of the paperwork that should have been there. With this call, my frustration was very clear and I explained to this person all that we had been through. It was obvious that the man didn't care nor did he try to work with us. Matter of fact, his answer was to insinuate fraud. I asked him how I could commit fraud after showing 10 years of taxes with this company. His answer was that my corporation name didn't line up with my vessel name. I was astounded and stupefied that this man was this incompetent. I then had to write a letter to him explaining why they weren't one in the same. That was over two weeks ago. I was told I should be receiving a substantial emergency payment. That payment has yet to show up.

We have now hired a public adjustor to have someone who is in direct contact with the adjustors within GCCF in which I will have to pay this public adjustor 5% of what I have coming to me. I find this appalling that the GCCF adjustors will speak to these people, but not to those who have a stake in this issue. At this time we have had to obtain a line of credit to get back to work for this coming season and we have worked through our savings account due to nonpayment from the GCCF. We have yet to receive even an emergency payment for A.J. Horizon, Inc., and Mariah Jade Shrimp Company, LLC. We are in dire straits at this time with no payment in sight.

We have two other companies that have received very little payment. Captain David Chauvin, LLC has received 36% of the claim amount for the emergency payment and Dusty James, LLC has obtained 11% of the claim amount for the emergency payment. We have inquired into these two claims with no one being able to answer any of our questions.

The dismaying part of this whole experience is that when you call the Ohio office there's no one that can answer your questions still. We've been asking for help in this matter for months now. We can't call and speak to the person who's made the decision on what we should get in a check. The frustration levels are at an all-time high within our communities with the Pay Czar's antics. It's frustrating knowing that no matter what you do there is no accountability for what is happening to us.

I can tell you in all of my life I have never sued an individual or a company. It goes against what I believe. The horrible part of this is that Obama's pay czar is pushing us to do that very thing. And this will put 25% of what should come to me in the hands of the lawyers. Disgusted with this whole process. I can tell you within our communities people have been dealing with anxiety, helplessness, frustration, despair and aggravation.

In our case we have worked in the commercial shrimping industry since we graduated high school. We have 25 years into this industry. In 2001 when the imports almost tore apart our industry, we decided that we would change things up in the way we do business. At that time we only owned one vessel and worked it with our family aboard it. When we began changing things, I took many business classes to work through the process of what we needed to accomplish. From the year of 2002 till 2010, we adapted in many different ways with the imports, hurricanes, and government regulations. We did so well that we acquired two more vessels, built a sea-food dock and had just finished building a processing plant when the Deepwater Horizon blew up. Now I have GCCF claims adjustors and investigators questioning whether we have viable businesses. We have worked 7 days a week in many instances to be where we were in 2010. I don't understand how these people who are looking through our records can be so callous and cold. We have persevered through so much, but the oil spill is not one we can adapt to. We have issues of perception in which the pay czar, Ken Feinberg, will not even address. These things are real. All one has to do is read Face book, blogs and other things on the internet. Ken Feinberg had Dr. Tunnel give an opinion in which Feinberg must have glossed over and put his rose colored glasses on to read it. He came out with a conclusion that in 2 years everything will be okay. Even the scientific community came against this statement of Feinberg's, but he won't relent. So I ask you to tell me, how is this man helping the people who have been crushed financially by BP?

Feinberg's opinion of our future is sugarcoated. We shake our heads and roll our eyes thinking, "even he can't be that ignorant to think that we are going to fall for

this rhetoric". Our future is uncertain. We will need years to know how well the gulf will heal. More information must be gathered during future seasons for a judgment on how well things will ultimately pan out. It galls me as I think about my future losses when I have yet to even be paid for my past losses which I have already incurred. It makes me nauseous to watch Feinberg's arrogant attitude as people suffer without knowing where to turn.

We have learned many hard lessons during this extended tragedy. One is that we cannot trust the oil industry to make things right when things go wrong. We learned that the Coast Guard can turn a blind eye to the needs of the fishing industry in favor of the oil industry and its needs. We, also, truly cannot depend on our president in light of all that has taken place with his decision to use Ken Feinberg.

In closing we come back to the fact that here we sit as I wait for payment from a person who's knit picking through my documentation to make sure that I get paid as little as possible. Do you think it's fair that BP made horrible decisions yet they get to decide how much a business gets paid? If I had done this to BP, do you really think that they would stand back and wait a year while I pick apart their documentation to pay them as little as possible? How is this fair to the "small people" of the gulf coast as Chairman Carl Henric-Svanburg stated? The Chairman of BP stated that they cared about the "small people" and they are definitely showing how much they care by shafting those "small people".

Chairman Svanburg stated:

"What I was trying to say—that BP understands how deeply this affects the lives of people who live along the Gulf and depend on it for their livelihood—will best be conveyed not by any words but by the work we do to put things right for the families and businesses who've been hurt.

As Tony Hayward said, "I want my life back", well gentleman and ladies the people of the gulf coast want their lives back as it was before the BP oil spill, before the havoc of having to deal with Obama's pay czar, and before our president turned a blind eye on what was happening to the people of the gulf coast. Since we can't have our old lives back, it's time for Feinberg to quit stalling and make those payments to begin putting things right. It's time for Feinberg to understand that it's only the people of the gulf coast who stand to lose anything while he sits in his cushy home with no worries of how he's going to pay the bills.

STATEMENT OF LORI LeBLANC, EXECUTIVE DIRECTOR, GULF ECONOMIC SURVIVAL TEAM

Ms. LeBLANC. Good morning, Chairman Hastings and all the distinguished members of the House Natural Resources Committee. I thank you for this opportunity to testify at today's hearing to provide you with the realities of what a moratorium, de facto moratorium and permitorium can do to the coastal communities who are dedicated to producing American energy to fuel this great country. We welcome you today to Houma, Louisiana, a unique slice of America where our people are proud to build the ships, to harvest the seafood, and to produce the energy so that the rest of the country can prosper from Louisiana's bountiful natural resources.

When you consider the fact that Louisiana communities such as Houma, Morgan City and Lafayette are the hub of Gulf of Mexico OCS activities and it is where one out of every three jobs is related to the oil and gas industry, when you consider that 30 percent of our domestic oil and gas comes from the Gulf of Mexico, when you consider that Port Fourchon in Lafourche Parish services 90 percent of all the deepwater activity and finally, when you consider that everything having to do with the 33 deepwater rigs would be suspended, you clearly understand that our opposition to the moratorium and the choking of this industry is about saving our jobs, our people, our communities, our way of life. This moratorium was not on big oil, it was a moratorium on middle class Americans who had good paying American jobs working for small American businesses who support the American energy industry.

The *Deepwater Horizon* accident and the subsequent oil spill were a devastating environmental disaster severely interrupting our way of life; however, on May 28, our coastal communities were faced with another economic disaster due to the Administration's broad stroke of the pen imposing a deepwater moratorium in the Gulf of Mexico and by their one-size-fits-all regulatory approach that resulted in a de facto moratorium in the shallow waters.

The Gulf Economical Survival Team was formed as a grassroots organization in the days following the deepwater moratorium announcement by then Lieutenant Governor Scott Angelle. Our purpose was to bring together the many voices of local business owners, trade associations, economic groups, chambers of commerce, and all the people of the Gulf Coast who understood the devastating economic impacts of a deepwater moratorium and a de facto moratorium. The GEST mission was simple—to tell the Nation about the economic impacts of the moratorium and get our men and women back to work as soon as possible.

GEST has collected over 200,000 signatures on our online petition opposing the deepwater moratorium and now supporting our efforts to resolve the permitting delays in order to get our men and women back to work in the Gulf. We have received numerous letters and resolutions of support from several chambers of commerce, local government entities, as well as from the Louisiana Restaurant Association and from the Louisiana Seafood Marketing & Promotion Board. You see, in Louisiana, we have a long and distinguished history of providing the energy to fuel America, while at the same time providing one-fifth of the seafood catch for the lower 48 states. Louisiana is a state with an abundance of natural resources and we believe that our energy industry and our seafood industry can and will coexist, allowing us to be the nation's energy state as well as a sportsman's paradise.

We have heard from many companies and individuals who have been directly impacted by the moratorium and the subsequent delay in permit and plan approvals. Unfortunately, it is the hard-working employees who are paying the ultimate price with reduced hours and wages, reduced benefits such as 401k matching and profit sharing and by being forced to make the tough choices between being relocated overseas or losing their job. Some business owners are no longer drawing a salary and where we once witnessed annual hiring trends, we now see balance sheets on the brink of bankruptcy. These are the impacts you do not see in the unemployment lines, but yet you see in the eyes and you hear in the voices of the people along the Gulf Coast.

In our efforts, GEST has clearly recognized that it should not be "business as usual" in the Gulf of Mexico and the livelihoods of the Gulf Coast families depend on the Federal government's ability to swiftly implement recommended safety measures while at the same time continuing to drill for American oil.

Since the moratorium was lifted in October, GEST has served as a facilitator between industry, the State of Louisiana, and BOEM to resolve the permitting issues that have stalled the return of drilling in the Gulf. We have met with Director Bromwich on numerous occasions since January, we have worked with industry to identify the three critical issues that are keeping us from getting

permits. These included containment, environmental assessments and the “should to must” with the Interim Final Drilling Safety Rule.

Let us be very clear. We have worked through these issues to some degree, but our work is far from over. The issuance of the first deepwater permit on February 28, some 314 days after the Macondo event, was positive news, but long overdue. To date, there have been a total of ten deepwater permits approved. We are on the right path, but there is still much work to be done to return to the pre-moratorium rate of permitting and activity. According to BOEM, there are currently over 100 EPs and DOCs, also known as plans, currently pending. Most of these will require an EA. We, GEST, has polled the industry. From our poll, it is indicated that in the next few months, just the 14 operators alone, they will submit a total of 83 plans and 100 permit applications in the next few months. The volume of plans currently pending review and the anticipated submittals is cause for serious concern.

It should not have been business as usual for the deepwater oil and gas operators in the Gulf of Mexico, but it also should not have been business as usual for the United States government and their slow response and essentially the shutdown of America’s energy industry for 314 days. When it comes to community recovery, our communities need a government that can resolve these permitting delays with conviction, clarity, consistency, not with bottlenecks and bureaucracy. It is time to make our communities whole again and to get us back to work with American energy.

I thank you so much for this opportunity to testify.

The CHAIRMAN. Thank you very much for your testimony.

[Applause.]

The CHAIRMAN. Our next witness is Mr. Ryan Lambert with the Cajun Fishing Adventures. Mr. Lambert, you are recognized.

[The prepared statement of Ms. LeBlanc follows:]

**Statement of Lori LeBlanc, Executive Director,
Gulf Economic Survival Team**

Good morning Chairman Hastings, Ranking Member Markey and all the distinguished members of the House Natural Resources Committee. I greatly appreciate the opportunity to testify at this hearing today to provide you with the realities of what a moratorium, de facto moratorium, and permitorium can do to the coastal communities who are dedicated to producing American Energy to Fuel this great country. We welcome you today to Houma, Louisiana; a unique slice of America where the mighty Mississippi built the land upon which we live and where our people are proud to build the ships, to harvest the seafood, and to produce the energy so that the rest of the country can prosper from Louisiana’s bountiful natural resources.

This week marks the one year anniversary of the Deepwater Horizon tragedy. First & foremost, it is important that we never forget the 11 great Americans who lost their lives in the Deepwater Horizon accident. Let us all remember to keep their families in our thoughts and our prayers. Secondly, we commend all of the men and women who have worked tirelessly in response and recovery activities to restore the health and productivity of the Gulf and its coastal residents.

In Louisiana, we have a long and distinguished history of fueling America. This 18th great state of the union is the epicenter for crude oil and natural gas exploration, production, distribution, refining and processing for the nation, as well as for imports of foreign crude oil and Liquefied Natural Gas. When it comes to contributing to America’s energy security, there is no more important piece of real estate in all of America than Louisiana.

Louisiana ranks:

- 1st in OCS crude oil production

- 1st in OCS natural gas production
- 1st in OCS revenue generated for the federal government
- 1st in mineral revenues from any source to the federal government
- 1st in foreign import oil volume
- 3rd in crude oil proved reserves
- 3rd in total energy from all sources
- 1st in natural gas processing capacity
- 2nd in petroleum refining capacity
- 2nd in primary petrochemical production

When it comes to jobs and economic impacts:

- A 2010 Dun & Bradstreet study noted that more than 2,800 small businesses in the state of Louisiana, and more than 35,000 workers are directly involved in the oil and gas exploration industry. For the Gulf Coast, those figures rise to more than 16,000 companies and 153,000 employees.
- According to a report conducted by the Mid Continent Oil and Gas Association, the oil and gas industry has a \$70 billion impact on Louisiana.
- Vendors that provide support and services to the industry are located as far away as Pennsylvania and Illinois.

When you consider the fact that Louisiana communities such as Houma, Morgan City and Lafayette are the hub of Gulf of Mexico OCS activities and it is where 1 out of every 3 jobs is related to the oil and gas industry; when you consider the estimated 20,000 jobs in Louisiana alone that are at risk; when you consider that 30% of our domestic oil and gas comes from the Gulf of Mexico; when you consider that Port Fourchon in Lafourche Parish services 90% of all of the deepwater activity and finally, when you consider that *everything* having to do with 33 deepwater rigs would be suspended, you **CLEARLY** understand that our opposition to the moratorium and the choking of this industry is about saving our jobs, our people, our communities, our way of life. This moratorium was **NOT** on big oil, it was a moratorium on middle class *Americans* who had good paying *American* jobs working for small *American* businesses who support the *American* energy industry.

The Deepwater Horizon accident and the subsequent oil spill were a devastating environmental disaster severely interrupting our way of life; however, on May 28, 2010, our coastal communities were faced with an economic disaster due the administration's broad stroke of the pen in imposing a deepwater moratorium in the Gulf of Mexico and by their "one size fits all" regulatory approach that resulted in a de facto moratorium in the shallow waters.

Let us not forget that five of the seven experts hired by the federal government to review the Department of Interior safety study that led to the moratorium decision publicly opposed the use of their name and involvement to justify a blanket moratorium. In their public letter of opposition, on page two, was the statement, "a blanket moratorium is NOT the answer. It does not measurably reduce risk further and it will have a lasting impact on the nation's economy which may be greater than that of the oil spill." These scientists recommended safety measures but they never agreed to a moratorium. In addition, the federal court system declared the moratorium arbitrary and capricious and it was even opposed by the Bi-Partisan Policy Commission.

The Gulf Economic Survival Team (GEST) was formed as a grassroots organization in the days following the deepwater moratorium announcement by then-Lt. Governor Scott Angelle at the request of Governor Bobby Jindal. Our purpose was to bring together the many voices of local business owners, trade associations, economic groups, chambers of commerce, government leaders and all of the people of the GULF COAST who understood the devastating economic impacts of a deepwater moratorium and de facto shallow water moratorium. The GEST mission was simple: to tell the nation about the economic impacts of the moratorium and get our men and women back to work as soon as possible.

As a grassroots initiative, GEST has collected **over 200,000 signatures** on our on-line petition opposing the deepwater moratorium and now supporting our efforts to resolve the permitting delays in order to get our men and women back to work in the Gulf of Mexico. GEST has received numerous letters and resolutions of support from several Chambers of Commerce, local government entities, as well as from the Louisiana Restaurant Association *and* the Louisiana Seafood Marketing & Promotion Board. You see, in Louisiana we have a long and distinguished history of providing the energy to fuel America while at the same time providing one-fifth of the seafood catch for the lower 48 states. Louisiana is a state with an abundance of natural resources and we believe that our energy industry and our seafood industry can coexist and allow us to be the nation's Energy State as well as the Sportsman's Paradise.

Since the formation of GEST, we have received feedback from numerous companies and individuals who have been directly impacted by the moratorium and the subsequent delay in permit and plan approvals. Unfortunately, it is the hard working employees who are paying the ultimate price with reduced hours and wages, reduced benefits such as 401k matching, and by being forced to make the tough choices between being relocated overseas or losing their job. Some business owners have indicated that they are no longer drawing a salary and where we once witnessed annual hiring trends we now see balance sheets on the brink of bankruptcy. These are impacts that you do not see in the unemployment lines but yet you see in the eyes of the people along the Gulf Coast.

I would like to share some of the case studies with you today.

Testimonials from Gulf Coast Workers on the Impacts of Federal Permitting Delays:

Thomas Grant, IV, employed by an offshore workboat company in Lafourche Parish:

"I'm noticing more and more empty spaces in our parking lot. I am also seeing more and more small businesses close or scaling back their workforce all around the area of Galliano and Port Fourchon, La. My employer is sending at 100 vessels overseas to Brazil to keep them working. With those transfers go many American jobs.

We need to have deepwater permits for the Gulf of Mexico to be issued sooner, rather than later. Those of us who remain employed are looking at having our salaries cut by our being forced to work equal time instead of two days of work for each day off."

Johnny Gibson, owner of a The A.C. Company of South Louisiana, Iberia Parish:

"My company is within a few weeks of filing for bankruptcy due to the impacts of the moratorium/de facto moratorium. We are a highly specialized offshore service company renting and servicing instrumentation for oilfield platforms and employee a staff of 20. We have been in business since 1967 and have survived the ups and downs of the oil and gas industry, but this is the worst I have ever seen. The company has been losing approximately \$100,000 per month for the past four months."

Cory Kief, president of Offshore Towing in Lafourche Parish:

"We are a marine towing company whose primary function is to move drilling rigs. Permits are not being issued, so that means we aren't moving enough rigs. We work by the hour and we aren't working that many hours anymore.

Our staff salaries are based on commission, and, because of that, ALL have sustained wage cuts. However, these cuts are not enough to manage our overhead. Vessel crews are way too valuable to lay off. So, we continue to keep all of our vessels active for now, using capital to offset any short comings, but even that has a threshold of tolerance that will be reached shortly if some normalcy isn't reached soon. I said SOON!"

James Baker, unemployed as a result of moratorium:

"I'm not a small business owner, but my life has been turned upside down due to the offshore drilling moratorium. I worked for Schlumberger for 29.5 years and was laid off last July as a direct result of the moratorium. I have not been able to find other work, although I have had a few interviews. I worked in the data group that handled the offshore data for clients, and as such I am not eligible for any BP payments. I was planning on retiring when I was 62, but it looks like I'll have to work longer because of this. It's not only my loss of income directly, but my pension was frozen and won't be increasing, and I'm unable to put any money in my 401(k) retirement account."

Michael Peneguy, DDS:

"Our business has seen a 20% decrease (as have all of my colleagues). I know five patients who have been laid off and two have transferred. One relocated to Texas and another to Egypt. 2009 was not a great year, either for my colleagues and my office. The best analogy I can make is the malaise we suffer when a hurricane is approaching. With a helpless feeling, we sit around watching the weather report all day as a slow moving storm approaches."

Lester Benoit, General Contractor:

"For the past fifteen years. I have built, sold and rented small commercial and residential properties. In fifteen years, I have never had vacancies like I have now. I have a new construction house that has been for sale since April. Everyone seems to be scared and banks cautious."

Stacy Constransitch, Realtor in Lafourche Parish:

"My sales have almost come to a screeching halt. It has affected everyone in our office. Phones are no longer ringing like before and we do not have the people coming into the office like before. Sales are down overall. The working people are not purchasing normal priced homes. We have 11 Realtors in the office, and there are very few days that as much as two are in the office."

And, the recent bankruptcy declaration by Seahawk Drilling and the suddenly unstable futures of its nearly 500 employees is the poster child of the outfall of the moratorium and de facto moratorium.

Seahawk may not be the last, as can be seen from a recent survey of companies conducted by the Greater New Orleans Inc. Economic Alliance (GNO Inc.), two of whom asked not to be named for fear of further weakening their businesses –

- The owners of R & D Enterprises of Harvey, which provides specialized equipment to the offshore exploration industry, reported that they are living off savings since the company has lost 100 percent of its revenue stream and are trying to hang on to employees while waiting for customers to get permits.
- The owners of Company A, a Jefferson Parish company providing offshore equipment and specialized products, said the company lost all of its clients, and has tried to sell some of its equipment to cover costs, but has not been able to. The company has applied for Small Business Administration loans, but received none, and the owners have used their entire savings to pay monthly overhead.
- The owners of Company B, a Lafourche Parish company providing fuel and chemicals to offshore operations, reported they have stopped taking their salaries to help cut costs, and have cut back on hours for staff to remain afloat.

Each of those companies has also reported laying off employees.

Workers inside and outside the energy industry have and will bear the brunt of the continued slowdown and its cascading impact. Those workers and companies are in turn the customers and income sources for other companies, companies that will also feel the blow of lost income due the sudden, dramatic and ongoing fall in Gulf exploration.

In our efforts, GEST clearly recognized that it should not be "business as usual" in the Gulf of Mexico and the livelihoods of Gulf Coast families depended on the federal government's ability to swiftly implement the recommended safety measure while at the same time continuing to drill for American oil. We recognized that there was a fundamental need to solve the permitting and regulatory issues with a concerted focus to resolve the bureaucracy and bottlenecks.

Since the moratorium was lifted in October, GEST has served as a facilitator between industry, the State of Louisiana, and the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) to resolve permitting issues that have stalled the return of drilling to the Gulf. We appreciate the time and attention offered to us by BOEMRE Director Michael Bromwich wherein we have had five face-to-face meetings in D.C. and two teleconferences since January alone. GEST has worked with industry to identify the three issues that have proven to be the greatest hurdles and these have been the focus of our discussions: containment, environmental assessments (EAs), and "should to must" with regard to the Interim Final Drilling Safety Rule and the recommended industry practices that are incorporated by reference.

We believe that our efforts to work through those three issues throughout the past several months have been instrumental in achieving the approval of deepwater permits; however, our work is far from over.

The issuance of the first deepwater permit on February 28, some 314 days after the Mocando event was positive news, but long overdue. With a total of 10 deepwater permits approved thus far, we are on the right path but there is still much work to be done to return to the pre-moratorium rate of permitting and activity. According to the BOEMRE, there are currently over 100 EPs and DOCs ("plans") currently pending, each requiring the federal government to conduct an Environmental Assessment (EA). To date, only 1 plan has been approved (Shell) that required an EA and only 3 have been deemed "submitted" by BOEMRE. In addition, GEST recently conducted a poll of 35 operators to determine the anticipated number of permits and plans they expect to submit in the next three months. With 14 responses, the poll indicates that industry expects to submit 83 plans and 100 permit applications in the next few months. The volume of plans currently pending review and the anticipated submittals is cause for serious concern. Additional bottlenecks in the permitting process will only further delay getting our American workers back to work producing American Energy.

Offshore drilling has existed in the Gulf waters for almost 60 years, and deepwater drilling began in the 1970s. Nearly 50,000 wells have been drilled in the Gulf,

3,200 of those in deepwater, and with the exception of the Macondo event, this has been a very safe province in which to operate.

Industry has demonstrated to the government the capacity to comply with the most regulated standards on the planet, today is the time for us to focus on finding the energy to fuel America.

While we believed that it was not “business as usual”, it is absolutely amazing that the United States of America shut down the oil and gas industry for 314 days. We are not talking about the quilt making industry; we are talking about America’s Energy Industry! When, in the history of this great Country have we shut down an entire industry for more than 300 days as a result of single incident? And, one that is as critical to our economy and our security as the Energy Industry!

It should not have been “business as usual” for the deepwater oil and gas operators in the Gulf of Mexico, but it also should not have been “business as usual” for our federal government and their slow response in getting this industry back to work.

Because we know that every permit approved moves us closer to **getting back to work with American energy**, GEST continues to work diligently, respectfully, and sensibly to resolve the issues that are impeding the return of full energy productivity in our Gulf region.

Thank you for the opportunity to provide testimony to this Committee and thank you for your time.

Organizations Submitting Letters and Resolutions of Support:

1. Abbeville-Vermillion Chamber of Commerce
2. Acadiana Regional Alliance
3. Bayou Industrial Group
4. Chamber Southwest Louisiana
5. DOI Oil Spill Review Commission Members
6. East St. Tammany Chamber of Commerce
7. Greater Iberia Chamber of Commerce
8. Greater Lafourche Port Commission
9. Harvey Canal Industrial Association
10. Houma-Terrebonne Chamber of Commerce
11. Iberville Chamber of Commerce
12. Jefferson Chamber
13. Laborde Marine
14. Lafourche Chamber of Commerce
15. Lake Charles City Council
16. Louisiana Police Jury Association
17. Louisiana Restaurant Association
18. Louisiana Seafood Promotion and Marketing Board
19. Morgan City Council
20. National Federation of Independent Business/Louisiana
21. North Lafourche Conservation, Levee & Drainage District
22. Offshore Marine Services Association
23. Port of Morgan City
24. Ports Association of Louisiana
25. St. Bernard Chamber of Commerce
26. St. Mary Industrial Group
27. St. Mary Parish Council
28. St. Mary Parish Government
29. St. Mary Parish President
30. St. Tammany Parish President
31. South Louisiana Economic Council
32. South Central Industrial Association
33. Terrebonne Economic Development Authority
34. Terrebonne Parish School Board
35. Terrebonne Levee and Conservation District
36. Terrebonne Parish Council
37. Terrebonne Parish President
38. Thibodaux Chamber of Commerce

**STATEMENT OF RYAN LAMBERT,
CAJUN FISHING ADVENTURES**

Mr. LAMBERT. Good morning, Mr. Chairman. I am grateful for the opportunity to testify at this hearing.

The CHAIRMAN. Speak more closely into the mic, if you would.

Mr. LAMBERT. My name is Ryan Lambert, I am President of Cajun Fishing Adventures and Vice President of the Louisiana Charter Boat Association, and I have been guiding people in Louisiana for 30 years now. And for those 30 years, I have watched Louisiana disappear before my very eyes. Coastal erosion has taken one-third of our wetlands and it is only getting worse by the day.

Today, we have lost one-third of our national treasure due to the leveeing of the Mississippi River, the digging of canals through the marshes, the drilling of the transportation pipelines for the oil companies.

The BP spill has simply added insult to injury. The oil coated 1,053 miles of our coastline, not to mention the millions of gallons sunk by dispersants waiting their time to wash ashore.

The oil spill also stopped the lifeblood of our coastal communities, the ability to harvest seafood from the rich Louisiana waters. Most of last year, the waters were closed from fishing, crabbing, shrimping, oyster fishing. Now the waters are open, but they have not recovered. After months of media coverage, consumers have doubts about eating our fish and seafood from tainted waters. As a new year approaches, there are high hopes that there will be adequate amounts of shrimp and crabs to harvest and orders for them when they get to the dock. As for the charter boat industry, if people will not eat the seafood, they sure do not want to come down here for us to take them to catch the fish.

The fate of our fisheries is highly uncertain. In my personal experience, this has been the worse year of fishing in Buras, Louisiana ever. It is one of the greatest wintertime fisheries ever. This year, between the end of November and March, I saw three speckled trout come to my cleaning table. Normally you can go out and catch the limit of speckled trout every day, that is no problem. I run 14 boats and have 23 families working for me and it is nothing to go catch 500, 600 fish a day—for us, 3 fish.

Now they are going into the spring and summer patterns and we are starting to catch speckled trout. So far this year, two juveniles, fish under 12 inches, which gives me great concern over last year's spawning.

Many fishermen and their families are struggling to get along after a year with no income. Many have lost their homes, boats and others do not have the money to get their boats ready for this season. Most families filed a claim and got some emergency funds early. This gave them hope that BP was going to make things right like they said. Now, after months of filing papers and jumping through hoops and many, many lost papers from everyone that you can talk to, many people are having to take a minimum \$25,000 payment and sign off their rights to sue so that they can get their house paid, their boats paid, feed their families. This claims process has been a dismal failure.

My personal claim, I have not been made whole either. I paid my CPA \$7000 to give them everything they wanted—three years of taxes, break it down to quarterly, break it down monthly, monthly P&Ls. I said OK, we got it, we see what we did wrong when they gave me a fraction of what they were supposed to give me. Yeah, we did not take into consideration the \$427,000 worth of trips that

canceled in May and June alone. I said OK, pay me. Oh, no, we are going to send you another packet to fill out. I said no, I do not work for you, I am done with packets. And that was the end of that. Now I gave my claim to an attorney. And it is a good thing because no one, not one single charter fisherman has been paid other than those that took the \$25,000 quit claim to save their house.

New guidelines should be written to protect victims of the next major oil spill from going through what the people of Gulf Coast endured from this one. A true third party should be assigned to distribute the funds to the claimants, not one that is paid and controlled by the oil company, being BP. We all know what Mr. Feinberg makes and we all know he just got \$150,000 raise per month while we suffer.

This brings me to the recovery process of our great wetlands. We need to open the Mississippi River and its estuaries to let fresh-water infiltrate back into the natural bayous. We can pump sediments all day long to accelerate this process, but without the river, it is not sustainable and our grandchildren will be pumping again. We need the money to make this happen.

The President's independent bipartisan Oil Spill Commission indicated Congress direct 80 percent of the fines that will be levied against BP and other responsible parties under the Clean Water Act should be directed to support the implementation of a Gulf-wide restoration strategy. The Commission recognizes that the Gulf Coast has provided oil and gas resources for decades at a great cost to our natural environment. Louisiana has borne the brunt of this damage and receiving only minimal royalties for doing so, and should get the lion's share of that 80 percent.

The other 20 percent, the full 20 percent, should go into the oil liability trust fund in case a smaller company that does not have the wherewithal of a BP has an accident similar to this. This should not hurt the other oil companies, they will not have to add to the cost of a barrel they pay into the fund now and this will not be passed on to the consumer. The cap under the oil liability trust fund should be lifted to whatever the 20 percent rises to and leave it there. As for the detractors that say this money will come out of the general fund, I say balance your fund by taking the same amount in oil company subsidies that they are giving.

Last, the Oil Pollution Act should be rewritten with input from businesses that will be devastated by the next catastrophic spill. The current law is one-sided protecting the companies from taking total responsibility of the damages.

We all know that drilling is essential to our country and it will go on. But keep in mind, catastrophic oil spills are not just from deepwater drilling. The last two pretty substantial ones have been shipwrecks, the Valdez and the one in China. I think the oil industry will police itself and come up with better ways to control spills on their own in the future. The cost of an oil spill is reason enough to make this happen. This does not take into consideration the complacency or human error and this is reason enough to make sure the funding is put in place and more inspectors to police the industry. Proper oversight should be a priority and funding should

increase to make sure that the safety measures are put into place as we resume drilling.

In closing, Mr. Feinberg last week stated that the people that yell the loudest and complain the most usually had the most dubious claims. I will publicly challenge him to come and find my claim invalid for it will be me yelling from the rooftops to protect our fishermen.

I appreciate your time.

The CHAIRMAN. Thank you, Mr. Lambert, for your testimony.

[Applause.]

The CHAIRMAN. The last witness on this panel is Brenda Dardar Robichaux, Principal Chief of the United Houma Nation. You are recognized.

[The prepared statement of Mr. Lambert follows:]

Statement of Captain Ryan Lambert, President, Cajun Fishing Adventures

I am grateful to the Committee for the opportunity to testify at this hearing on my recovery as well as the recovery of my community and business.

My name is Ryan Lambert I am the President of Cajun Fishing Adventures, one of the top fishing and hunting lodges in North America. I am also the Vice President of the Louisiana Charter Boat Association and a member of Ducks Unlimited and the Coastal Conservation Association. I have been a professional fishing and hunting guide for 30 years in the marshes of coastal Louisiana.

For 30 years I have watched on as Louisiana has disappeared before my eyes. Coastal erosion has taken one third of our wetlands already and it is only getting worse by the day.

The leveeing of the Mississippi River for navigation and flood control started our problems in the early 1800s. When the levees were constructed, freshwater carrying life sustaining nutrients and land building sediment was cut off. Shortly thereafter saltwater intruded killing freshwater aquatic grasses which serve as nurseries to all finfish shrimp and crabs. Now 180 years later we have lost one third of our natural treasure due to this and other factors.

In later years came the oil industry and the need to get through the wetlands to drill and ship oil and gas. The only way to get to the rich deposits of oil and gas was to dig canals through the marsh for equipment to be brought in. After drilling the wells the oil and gas had to be transported, so they dug more canals for pipelines to carry their product across our wetlands. The digging of thousands of miles of canals throughout the marshes gave the saltwater easy access to the interior of the marshes thus accelerating the erosion by decades. To look at a map today, coastal Louisiana looks like highways have been cut through every inch of our wetlands.

The BP oil spill has simply added insult to injury. The oil coated 1,053 miles of coastline not to mention the millions of gallons sunk with dispersants waiting its turn to wash ashore in years to come. All this just further weakens the resilience of our wetlands.

The oil spill also stopped the life blood of our coastal communities, the ability to harvest seafood from the rich waters of Louisiana. Most of last year, waters were closed to fishing, crabbing, shrimping and oyster fishing. Now waters are open but things have not recovered. After months of media coverage, consumers have doubts about eating fish and seafood from the oil tainted waters. As a new year is upon us and there are high hopes that there will be adequate amounts of shrimp and crabs to harvest and orders for the catch when it is brought ashore. As for the charter industry, if people won't eat the seafood they surely don't want to pay to come catch fish to eat.

The Charter industry will be the last to recover due to the perception that our fishery is tainted. Other industries will be able to get back to work as the fishery recovers. But the charter industry has to convince fishermen to come back to fish Louisiana again. Most fishermen went to other fisheries when ours closed down, many will not return.

The fate of our fishery is still highly uncertain.. In my personal experience this has been the worse winter in 30 years of fishing in the Buras area. In a normal year our limit of speckled trout can be caught most everyday. This year only three trout made it to my cleaning table. As the spring season rolls around more trout are showing up but none of them are juveniles. Only two trout under 12 inches have

been landed this year which gives me great doubt as to the health of last years spawn.

Many fishermen and their families are struggling to get by after a long year with no income. Many have lost their homes and boats and many others do not have the money to get their boats ready to go out this year. Most families filed a claim with BP and got emergency funds in the early months. This gave them hope that BP was going to make this right as they said. Now after months of filing papers and jumping through hoops, they are struggling to survive. Many are having to take the minimum \$25,000 payment and are required to sign papers not to sue so that they can save their homes and boats not to mention feed their families. The claims process has been a dismal failure.

BP has failed to make good on their promise to make people whole. While they spend millions on public relations the people that they put out of business still suffer. We have seen TV commercials and whole page ads costing millions telling the world that they are doing what they promised. We watch Ken Feinberg say what a great job he is doing. He has boasted that 70% of the claims have been settled and he doesn't think that he will need to use all of the 20 billion that has been set aside to settle the claims. I know of not one person that has been made whole at this time. I know of but two persons that have been offered a settlement, both of those have been disgracefully low and turned down.

As for my personal claim, I have not been made whole either. I paid my CPA to give them everything asked for. First it was three years of taxes, next they wanted quarterly taxes shortly follow by monthly taxes and last but not least monthly P&L statements. I received an emergency payments of \$5000 followed by another \$5,000 the next month. After looking at my first paperwork they sent \$25,000 and another \$30,000 after many phone calls to the Worley group. Then it was time for more paperwork. My CPA gave BP a claim of \$904,000 after using a "loss of income" figure given to him by BP forensic accountants. He then subtracted all monies already paid by Bp. I received only \$151,000 of that settlement and was not content with that amount and started dialog with the Feinberg office. Mr Bill Mulvey looked at my case and found what they had done wrong and instead of paying my at that time stated that I could file for that money with the next packet that was going to come out near the end of the year. That was my last contact with BP or the GCCF. I have now turned my claim over to an attorney.

This experience has given me a new outlook on the oil industry and the power that they have. New guidelines should be written to protect victims of the next major oil spill from going through what the people of the Gulf Coast have endured from this one. A true third party should be assigned to distribute the funds to the claimants. Not one paid and controlled by the oil company. The fund should be set aside and controlled only by the assigned parties. If money is left over it should then be returned to the companies at fault. As for this spill it looks as if the lawyers will settle who gets what. This will be after many years, many dreams and many lives have been ruined by the waiting process.

This brings us to the recovery process of our great wetland. We have to reopen the Mississippi River to our estuaries and let the freshwater infiltrate back into the natural bayous. We can pump sediments to accelerate the process but without freshwater from the river this is not sustainable and our grandchildren will be pumping again later.

We need money to make this happen. The President's independent bipartisan Oil Spill Commission indicated that Congress should direct 80% of fines that will be levied against BP and others responsible parties under the Clean Water Act should be directed to support implementation of a Gulf wide restoration strategy.

The Commission recognized that the Gulf coast has provided America with oil and gas resources for decades at great cost to our natural environment. Louisiana has born the brunt of the damage receiving only minimal royalties for doing so and should get the lions share of that 80%.

The other full 20% should go into a separate catastrophic oil liability trust fund, or used to increase the limit of the current fund. This money should be set aside in an interest bearing account incase a smaller company should have a similar spill. This should not hurt the other oil companies and will not add to the cost per barrel for the existing oil liability trust fund and will not have to be passed on to the consumer. As for the detractors who that say this will take money out of the general fund they can balance the fund by taking away the same amount in oil industry subsidies.

Lastly, the Oil Pollution Act should be rewritten with input from business that will be devastated by the next catastrophic oil spill. The current law is a one sided law protecting oil companies from taking total responsibility for the damages made.

We all know that oil drilling is essential to our country and will go on. Keep in mind that all catastrophic oil spills are not just from deepwater drilling. Two of the recent ones have been from shipping accidents. Proper oversight should be increased to make sure that more safety measures are put into place as we resume drilling. I think that the oil industry will police itself and come up with better ways to control spills on their own in the future. The cost of a spill is reason enough to make this happen. This does not take into consideration complacency and human error and that is reason enough to make sure funding is put in place for more inspectors to police the industry.

In closing, Mr. Feinberg stated this week that persons who talk and complain the loudest typically have the most dubious claims. I publicly challenge Mr. Feinberg to find my claim invalid for it will be I shouting from the roof tops.

I thank the committee for letting me share my thoughts on the recovery of our communities.

**STATEMENT OF BRENDA DARDAR ROBICHAUX,
FORMER PRINCIPAL CHIEF, UNITED HOUMA NATION**

Ms. ROBICHAUX. Thank you. Good morning, Chairman Hastings and members of the Committee and Congress. My name is Brenda Dardar Robichaux and I am the former Principal Chief of the United Houma Nation and a lifelong resident of Lafourche Parish. Thank you for the opportunity to testify at today's hearing.

The United Houma Nation is an indigenous nation of approximately 17,000 citizens, the majority of which reside along coastal southeast Louisiana and live in communities that are at or below sea level.

The relationship between the Houma people and these lands is fundamental to our existence as an Indian nation. The medicines we use to prevent illnesses and heal our sick, the places our ancestors are laid to rest, the fish, shrimp, crabs and oysters our people harvest, the food we feed our families and the language we speak are all tied to these lands inextricably. Without these lands, our culture and way of life that has been passed down generation to generation will be gone.

The lifestyle of our people is now in jeopardy. Not only are many tribal citizens both directly and indirectly dependent on the commercial fishing industry, but also our culture could die out in my lifetime. Houma citizens harvest palmetto in the coastal marshes for basket weaving, Spanish moss for traditional doll making and many herbs and plants for medicinal remedies used by tribal traiteurs or traditional healers. All of these traditions are in danger of disappearing once the flow of oil infiltrates the intercoastal marshes and wetlands of our communities.

I was intimately associated with the fallout from the oil spill from its earliest days. My father is a commercial fisherman and many of my family and friends make their livings as both fishermen and oilfield workers. Additionally, my husband is a physician whose practice largely involves the area of the state most affected by the spill. Our parish, especially the most southerly end, is the epicenter for deepwater oil and gas exploration in the Gulf of Mexico.

Early on we recognized that there were major inconsistencies in the response of the Federal government, state and local leaders and in BP itself. Thousands of Gulf Coast residents and citizens who wanted to help the Nation in its time of need by helping to clean up the Gulf oil has not been paid for their work as agreed by BP.

Oil spill victims are not being adequately compensated for their loss. Many are now destitute, losing their homes, vehicles and can no longer afford health insurance. They are having to stay with family and borrow vehicles for transportation. They worry about meeting the everyday needs of their families. They suffer in silence, not knowing what to do or where to turn.

There seems to be an alarming number of individuals along the Gulf Coast experiencing severe health problems as a result of events related to the oil disaster. The sick include citizens who worked on the response to this disaster as well as fishermen and coastal residents. What is even more distressing is that these individuals are finding little support and even less relief for their struggles. There is a great need for effectively identifying their illnesses and adequately treating them.

BP's crude and toxic dispersants continue to impact the Gulf of Mexico and the Gulf Coast, poisoning people, killing wildlife, threatening ecosystems, and putting fishermen and tourism workers out of jobs. We now know the dispersants have laid at the bottoms of our bayous and lakes and have coated the floor of the Gulf with toxic sludge that will remain in place for unknown generations to come. It is our impression that dispersants are still being used in the coast. Spraying of these toxic chemicals needs to be stopped immediately. We are concerned that waste produced by the spill cleanup will find its way into disposal sites in our tribal areas, in particular our Grand Bois community. Grand Bois is located adjacent to an open pit oilfield waste disposal site in Lafourche Parish. Neither the crude oil nor any dispersant used in responding to this disaster are regulated as hazardous waste, despite the fact that they are toxic. A legal loophole allows dangerous waste to be disposed in unlined pits in coastal Louisiana. It is toxic, it is poisonous and by an absurd loophole in the law, it is considered non-hazardous.

They told us that since we would be around the shores and near coastal areas, we would not be affected by any of the oil or dispersant being sprayed. They told us we would not have to wear respirators or anything because we would not be touching the oil. When we complained of becoming ill, they told us we were seasick. They told us that seafood with more toxins than the law allows was safe to eat. They told us the beaches are open and safe, as oil continues to rise to the surface. Unfortunately we believed what they told us and now we are dealing with the consequences because of it.

One year after it began, BP's oil drilling disaster is not over. America's Gulf Coast is still suffering, and we need the support of the Nation for a full and fair recovery. This is an ongoing environmental and humanitarian crisis. After a full year, Congress and the Federal government have yet to adequately act to restore and protect the Gulf, and BP is working to minimize their liability and the perception of the severity of their disaster's impacts.

The oil spill presents a major challenge to our existence as a tribe and residents of the Gulf Coast. Therefore, I ask that you please hold BP accountable and support our efforts to bring resources to address the ongoing challenges from the BP *Deepwater*

Horizon drilling disaster in order to preserve our way of life for future and current generations.

Thank you.

[Applause.]

[The prepared statement of Ms. Robichaux follows:]

**Statement of Brenda Dardar Robichaux,
Principal Chief (ex officio), United Houma Nation**

Good morning Chairman Hastings and members of the committee. My name is Brenda Dardar Robichaux and I am the former Principal Chief of the United Houma Nation and a lifelong resident of Lafourche Parish. Thank you for the opportunity to testify at today's hearing—"Gulf of Mexico: A Focus on Community Recovery and New Response Technology."

The United Houma Nation is an indigenous nation of approximately 17,000 citizens who currently reside along coastal, southeast Louisiana. Today, nearly 90% of our citizens reside in coastal Terrebonne, Lafourche, Jefferson, St. Mary, St. Bernard and Plaquemines Parishes. The majority live in communities that are at or below sea level.

The relationship between the Houma People and these lands is fundamental to our existence as an Indian nation. The medicines we use to prevent illnesses and heal our sick, the places our ancestors are laid to rest, the fish, shrimp, crabs and oysters our people harvest, our traditional stories and the language we speak are all tied to these lands inextricably. Without these lands, our culture and way of life that has been passed down generation to generation will be gone.

Tribal citizens have been living, hunting, fishing, shrimping, crabbing, trapping and harvesting oysters in the coastal marshes and wetlands of our communities for centuries. Our people follow the seasons. In the summer we catch shrimp, crabs and garfish. In the winter we harvest oysters and trap nutria, muskrat, and otters. This is not just how my father and countless other tribal citizens make their living, but how they bring home food to feed their families.

The lifestyle of our people is now in jeopardy. Not only are many tribal citizens both directly and indirectly dependent on the commercial fishing industry, but also our culture could die out in my lifetime. Houma citizens harvest palmetto in the coastal marshes for basket weaving, Spanish moss for traditional doll making and many herbs and plants for traditional medicinal remedies used by tribal *traiteurs* or traditional healers. All of these traditions are in danger of disappearing once the continuing flow of oil infiltrates the innercoastal marshes and wetlands of our communities. These plants are irreplaceable and many only grow in our rich marshes.

During my 13 year tenure as Principal Chief, I was intimately involved in several of the most severe disasters to ever strike the American mainland. Within the last five years, we have dealt with four major hurricanes—Katrina and Rita in 2005 and Ike and Gustav in 2008—and, though these storms presented incredible challenges, we have made significant progress in recovering. We have always been a self-sufficient Tribe and we asked for and received little from the federal government in these crises. Through our own efforts, we have been able to get tribal citizens back on their feet and some back into their homes. However, we now find ourselves in an extremely precarious situation as the federal government and BP have refused to acknowledge the horrendous problems that they have jointly created for all of the citizens of the gulf coast of the United States.

I was intimately associated with the fallout from the oil spill from its earliest days. My father is a commercial fisherman and many of my family and friends make their livings as both fishermen and oilfield workers. Additionally, my husband is a physician whose practice largely involves the areas of the state most affected by the spill. Our parish, especially the most southerly end, is the epicenter for deepwater oil and gas exploration in the Gulf of Mexico.

Early on we recognized that there were major inconsistencies in the responses of the federal government, state and local leaders, and in BP itself. It soon became apparent that BP was ignoring the mandates of the Environmental Protection Agency and using chemicals that were illegal in all of Europe and most of the rest of the world. Their contentions that the magic dispersants were harmless and somehow floated below the water's surface but never touched the floor of the Gulf were illusions that few dared to challenge. We now know that these dispersants have layered the bottoms of our bayous and lakes and have coated the floor of the Gulf with toxic sludge that will remain in place for unknown generations to come. It is our impression that dispersants are still being used on the coast. Spraying of these toxic chemicals needs to be stopped immediately.

We are concerned that waste produced by the spill clean up will find its way into disposal sites in our tribal areas, in particular our Grand Bois community. Grand Bois is located adjacent to an open pit oilfield waste disposal site in Lafourche parish. We were already painfully aware that the Oil and Gas Industry had received an exemption from Congress for the disposal of oilfield waste and could legally place hundreds of thousands of gallons of extremely toxic materials into the environment while under the protective veil of the federal government. The 1980 Resource Conservation and Recovery Act (RCRA) defined any wastes that are generated during the exploration and production of petroleum, which will include any wastes generated in the clean up of this spill, as non-hazardous—no matter how poisonous it actually is. Neither the crude oil nor any dispersants used in responding to this disaster are regulated as hazardous waste, despite the fact that they're toxic. The designation of NOW, or Non-Hazardous Oilfield waste, had been created specifically for the oil and gas industry and was not regulated by the EPA, OSHA or any other state or federal agency. It's toxic, it's poisonous, it's going to kill people and, by an absurd loophole in the laws, it's considered non-hazardous.

One year after it began, BP's oil drilling disaster is not over. America's Gulf Coast is still suffering, and we need the support of the nation for a full and fair recovery. This is an on-going environmental and humanitarian crisis. BP's crude and toxic dispersants continue to impact the Gulf of Mexico and the Gulf Coast, poisoning people, killing wildlife, threatening ecosystems, and putting fishermen and tourism workers out of jobs. After a full year, Congress and the federal government have yet to adequately act to restore and protect the Gulf, and BP is working to minimize their liability and the perception of the severity their disaster's impacts.

All along the Gulf Coast, communities, citizens, and non-profit organizations are coming together to address the crisis and restore our Gulf. We are a diverse group, representing fishermen, faith leaders, environmentalists, clean-up workers, and residents who live, work, and play on the Gulf Coast. We come from all five Gulf Coast states, and represent culturally and racially diverse communities. We've all been impacted by the BP oil disaster, and together, we have come up with a way forward for a healthy and whole Gulf Coast.

The administration and Congress must take action now to implement the Oil Spill Commission recommendations. This includes the creation of a Regional Citizens Advisory Council to oversee future oil and gas activity in the Gulf, and prohibit the use of dispersant until found to be safe to human and marine environment. In addition, affordable, accessible health care must be made available at the county/parish level provided by well-trained medical professionals who understand chemical exposure issues. There is also a need to educate healthcare providers and the public on oil-spill related illnesses addressing both physical and mental health impacts. Further, we must track health impacts and illnesses of Gulf coast residents including former and current BP employees through government studies and community efforts. These studies should be overseen and approved by the Regional Citizens Advisory Council. Finally, we must establish new comprehensive federal monitoring standards that guarantee safety of seafood eaten in quantities typical of Gulf Coast populations and long-term seafood monitoring program of state and federal waters.

This oil spill presents a major challenge to our existence as a tribe and residents of the gulf coast. Therefore, I ask that you please support our efforts to bring resources to address the ongoing challenges from the BP Deepwater Horizon Drilling Disaster and to preserve our way of life for current and future generations.

The CHAIRMAN. Thank you very much for your testimony.

I want to thank all the witnesses for your testimony and we will now begin the round of questioning. And the way that works, all Members here will have five minutes to ask questions and the responses, all within that five minutes. My intent is to have at least two rounds of questioning on this panel, so we can try to get as much information as we possibly can.

I will start the questioning. Two of your testimony, Ms. Chauvin and Mr. Lambert, talked about the Gulf compensation fund and Mr. Feinberg. When the President appointed this commission, he said that it would be administered, and I quote, "as quickly, fairly and as transparently as possible," end quote. So while Ms. Chauvin and Mr. Lambert have opined on that and I will give you an opportunity to opine a little bit more, I would like to ask each of the

panel members if you think in fact this fund has been administered in a way that the President suggested.

And Mr. Zeringue, I will start with you and we will go down the table. If you would respond to that, I would appreciate it.

Mr. ZERINGUE. Actually, Congressman; no, sir, it has not, in our opinion. And I think quite honestly, even when OPA was written, I think this bill exceeded what was even envisioned at that time and we are hoping that it can be made right, but from our opinion, what we are seeing in the response, it has not.

The CHAIRMAN. Mr. Voisin.

Mr. VOISIN. Thank you, Mr. Chairman.

I think that the job has been larger than expected and more significant and similar to the 9/11 situation, I hope and pray that Mr. Feinberg will get it right. I cannot imagine where all these paperwork losses are. That is challenging, I have talked to a lot of people that have that challenge. I believe they are dealing with it to the best of their ability given the very, very sizable situation.

Could they do more? Yes. I think in the future, they should do more and they are trying to accomplish more. Is it a perfect system? No. And it needs to be improved. But I believe in the end that this will right the ship. There will be those who will fall out and there will be those who will not be able to provide correct documentation and the things that are needed.

My opinion is that the Feinberg fund has been administered in a challenging manner for the fishing community, although I think in the end we will see good results.

The CHAIRMAN. Ms. Davis.

Ms. DAVIS. Thank you, Chairman.

The experience that we have had has been a little bit different because the money that has been allotted for any type of recuperation was not set aside for moratorium claims. Our claim was different because it was a result of the moratorium, not so much the oil spill, as we were told and our claim was denied.

One of my workers who lost 50 percent of his income last year due to the fact that many of the offshore workers are compensated when they have offshore days, so he was not eligible for that compensation because we were not working. He came to me and he said do you mind if I file a claim and I said, you know, I think it is a very important thing for you to do. He received a small amount of money that he was told would be able to help him in training to do something different. And he said this is what I do, I am in the oil and gas industry, I work offshore.

So we have not really been given the opportunity to have anything or any way to recuperate any of the losses that we have. So we would like to see if there would be some point where they could help us.

The CHAIRMAN. I am going to skip you, Ms. Chauvin because you opined on that, but we will come back to you if there is time. Ms. LeBlanc.

Ms. LEBLANC. Mr. Chairman, I personally have not had experience with that fund to make comments. I would yield to these folks sitting at the table who have had more experience working with that fund. I know there is also the Rig Worker Assistance Fund, which I believe is being administered by a different entity. Just re-

cently that fund has opened up to workers beyond just those directly employed by the rigs. So that is something that we need to keep an eye on.

The CHAIRMAN. Ms. Robichaux.

Ms. ROBICHAUX. My husband and I travel down the different bayous along southeast Louisiana visiting with people and there is hardly anyone that has related to us that they feel that this claim process has adequately supplemented their loss. We visited with families who shed tears just worrying about meeting the everyday needs of their family or worried about putting food on the table because not only have they lost their income, but the food that we catch also supplements our meals as well. And so they worry about losing their homes, they have lost their vehicles, about not having health insurance. So no, it has not provided adequately for the loss.

The CHAIRMAN. My time is running out. Just real quickly, Ms. Chauvin, you opined on that; Mr. Lambert, would you concur with what your fellow panelists have said?

Ms. CHAUVIN. Mr. Feinberg's first announcement was 48 hours we would receive an emergency payment, which there is no way. It is almost a year later, I have four companies, two have received zero—zero, nothing, no emergency payments, nothing. The adequate paperwork is there. One of my companies 11 percent, the other one 36 percent. So that is what we are seeing.

The CHAIRMAN. So the answer would be more negative.

Ms. CHAUVIN. It is totally negative. He is not doing a good job.

The CHAIRMAN. Mr. Lambert, real quickly.

Mr. LAMBERT. Well, I know everyone in the charter boat industry and we are very well documented, all 1099s in, income tax, everyone has filed a claim and not one single person has been paid. Just this week, we received interest checks and all it said was interest check from BP money, no amount. Mine was \$155.02. I made \$1.4 million a year and I have 23 families working for me and I am very well documented. So, no.

The CHAIRMAN. Thank you all for your answers.

Mr. Fleming.

Dr. FLEMING. Thank you, Mr. Chairman. And again, thank you for having this hearing right at ground zero where the problem is.

Mr. Voisin, I am going to kind of react to some of the things you said and others on the panel and I would like to get your reaction to my response.

I get the idea that at least in some ways that the fishing and particularly in your case, the oyster industry, is actually quite healthy as far as the product is concerned, but there is a perception problem across the country, which is artificially lowering demand, which obviously in the end hurts your business. Would your respond to that, please?

Mr. VOISIN. From a resource perspective, I believe that we are OK. There may be some spotty issues, Mr. Lambert mentioned the sea trout situation, but I think from a resource perspective, we will be OK. Oysters took a hit because of the freshwater intrusion to keep the oil offshore. But the real challenge today and the challenge for the seafood community is trying—harvesters are trying to decide whether to go back to work, because if they go back to work and they produce too much product, the market in this country

may not be able to consume all that product because of that perception that our seafood is tainted. There was never any tainted seafood that got into the market, it has been tested, over 100,000-plus tests have been done and all of the testing that has been done, they set an action level, that action level was aggressive and conservative to protect human health and none of that product—it has all been about 100 to 1000 times below that action level, any that had a slight taint to it. We send, our company sends seafood to Los Angeles and to Las Vegas. April 19, 2010, we were sending 80,000 pounds of product a week to that marketplace. April 19, 2011, after six months of having enough product to send out there, we are sending about 20 to 25,000 pounds of product.

Dr. FLEMING. So it would certainly be fair to say that your product is probably the most tested, and comparatively the safest product, food product, out there, compared to other industries.

Mr. VOISIN. Compared to anything in the world, there is more testing going on by universities, researchers, as well as Federal government.

Dr. FLEMING. So we have a job ahead of us to get the word out to deal with this. That is a marketing problem and certainly we need to help on that.

Ms. Chauvin and Mr. Lambert, you know, we met with Mr. Feinberg early on in this process and one of the things I remember very clearly is he said the first thing we are going to do because we know the paperwork is not going to be there, is we are going to get cash out there, give you help, bridge, and then we will ask you to follow through with the long-term documentation to make the final resolution. And what I am hearing is in some cases, even a year later, people have received nothing. And so that certainly does not sound like that he is living up to that commitment and certainly I would suggest, Mr. Chairman, that we call Mr. Feinberg up again and let us do an analysis of where we are at this stage. We have a long way to go and I think he has got some questions to answer.

Also, I come from a small business background and listening to what you folks are saying, I can relate to, and that is this, when you own a business it is not just about being compensated for what you lose in profits because every day that you have boats, every day that you have employees, every day that you have rent or whatever you have, you are going backwards if you do not have revenue. So this is not just about getting what you would otherwise get in the way of even sales or profits, this is about staying alive. And I hear about going into credit lines, which are far more expensive than that bridge cash that Mr. Feinberg had promised.

So I think that is something that needs to be noted today, that businesses can die right here before us, still waiting for help. So, Mr. Chairman, we have to accelerate that process.

Ms. LeBlanc and Davis, on the issue of production and certainly how that is affecting companies out there, service companies and so forth, I can tell you that with respect to Gulf production, the President said production is at its highest levels ever. The Secretary of the Interior, Mr. Salazar, in responding to a direct question from me in the Committee, he said production levels are the highest ever in the Gulf Coast. Then Mr. Bromwich, who is head

of BOEMRE, the old MMS, he said exactly the same thing. But I was ready for him this time, I actually put up a graph and I showed the high point and we had the arrow that goes down to where we were and then where we were going. And I could not believe it, but he actually reversed himself right there and said, you know what, you are right and I am wrong.

So I do not know whether the Administration is totally burying its head in the sand or whether this is just politically correct to go along claiming that production is at its highest level. And you know that there is a phase lag when it comes to drilling. So even if we issued 100 permits today and we started drilling tomorrow, production will continue down for awhile before it returns. So we have really got a lot of work to do, to get back up there.

I yield back.

The CHAIRMAN. I thank the gentleman.

The gentleman from Florida, Mr. Southerland.

Mr. SOUTHERLAND. Mr. Zeringue, when considering the coastal restoration since the oil spill, how would you interpret, really from the Governor's office, in your working at that level, with the Federal government, how would you interpret the progress so far in ensuring that men and women from different affected industries get back to work here on the Gulf Coast? Give me the Governor's office interpretation of what is going on.

Mr. ZERINGUE. From our perspective, sir, quite honestly we have been working and trying to do what we can to advance and utilize some of the proposed potential funding that we know ultimately is going to be due to the state based upon the impacts. Louisiana alone had over 92 percent of the moderately to heavily oil impacts in the Gulf Coast. We recognize that there is going to be a significant recovery effort and we are working diligently in trying to encourage BP to stand up and do the right thing in terms of helping not only the businesses that you have heard from here, but also advance our ability to address these impacts and remediate those impacts. Obviously it has been frustrating, but we are continuing to work to ensure that BP steps up and does the right thing.

Mr. SOUTHERLAND. In your opinion, you know the \$20 billion figure that was agreed upon, obviously broken out as \$5 billion a year. In your opinion from the Governor's office, should that be accelerated? We are hearing stories, I mean to me when you have an injury, you put as much antiseptic on it as fast as you can, then you get on a pace more gradual. It seems to me that to say that the needs right here in the first year are going to be what the needs are going to be in the fourth year is someone that does not understand problem solving. And I am curious about your thoughts on that.

Mr. ZERINGUE. Well, if you look at previous experience, even with the Exxon Valdez, some of the apparent problems that they see now were not realized until years later and we want to ensure that—there is a potential for long-term problems that we will need to address. Obviously at this point those impacts are being assessed and we are working within the NRDA process to assess those impacts. We will not know for some time but we want to ensure that the state, the Gulf states, are compensated for those impacts.

Mr. SOUTHERLAND. Well, I think my view—and you do not have to give me an answer I do not guess, but my view is that if we are going to need \$5 billion in four years, we probably need \$10 billion this year. I mean I do not understand why there was not more money upfront because if you have more money to deal with upfront, now, you can prevent more people from losing their homes, you give them more that they need right now because you are playing catch up. It is not damages that they are experiencing now solely, it is damages they experienced last year, so this year it is a dual problem. Just my thoughts there.

Mr. Voisin, tell me what is your—I wish I could share your optimism. You are a wonderfully kind man and I have been with you yesterday and today and you are very optimistic. I have to question, in light of what I have heard—and we need far more of that in the world, by the way—but we have to deal with the brutal realities of what is.

So my question, what gives you the optimism that this incompetency that we see, not just here but our way too, Mississippi, Alabama and Florida, that they will eventually get this right?

Mr. VOISIN. Well, Mr. Southerland, we have been, in South Louisiana, most of our families came from France and some from Canada, we came down here kind of where nobody else wanted to be and we have plied our livings for the last 200 to 300 years. We have been through lots of ups and downs and we have weathered the storm. My closing statement was that we will strive to thrive, and we will.

I believe that this local group of people that are here are hard-working, they get up early in the morning, they go to bed late at night, they work hard, they play hard, it is part of who we are, it is part of our culture.

I have been through in my 40-year career, I have been through many hurricanes and I have seen people stand up and rebuild as a result of that. I have been through oil spills before, this is not our first rodeo with oil and gas. We have been drilling oil and gas here for 70-plus years, offshore oil and gas has been here for 70 or so years. We have had minor spills and I have seen in my own personal business where those areas come back.

So my optimism comes more from my experience and the years that I have been here and the years that my family has been here, being seven generations. You have to look more favorably because there is a dark side. I can tell you there are nights when I stay awake and do not sleep thinking about what the dark sides are. Lori spoke about the challenges that she is faced with, and others spoke about their challenges.

Mr. Feinberg, I put a claim in and I got 29 percent of my claim. I am disappointed with that, but the reality is I do believe that will be made whole. I have looked at Mr. Feinberg's history when it comes to 9/11 and other things that he has done. A lot of people hate him in the process and in the end they are very satisfied with him. He had better bring it to that satisfaction level and we urge you to make sure that he does, so that those that are suffering do not have this challenge.

Mr. SOUTHERLAND. Thank you very much. I yield back.

The CHAIRMAN. The gentleman from Louisiana, Mr. Landry.

Mr. LANDRY. Mr. Voisin, I share your sleepless nights. I want to thank you all for being so resilient and so headstrong. One of the issues that you have brought to light I think with problems that we are having with Mr. Feinberg is a flaw in our OPA law. And while this particular Committee does not have jurisdiction over OPA, Transportation and Infrastructure does and so I will take that testimony back and visit with Chairman Mica and see if we cannot work with you all to make those changes that are necessary.

I want—Jerome, could you tell me how much the Federal government received last year in offshore revenue?

Mr. ZERINGUE. Unfortunately, they did not receive a fair share. The reality is energy activity in the Gulf of Mexico and off of Louisiana specifically contributes over \$5 billion to the Federal government. The State of Louisiana received \$220,000—\$220,000. And the reality is that if this would have been either in another state or in Federal waters, we would have received—or if the laws required an equitable distribution, we would received at least half of that, and 220,000 is just a fraction of what is generated along the Gulf Coast of Louisiana.

Mr. LANDRY. What will delaying the NRDA funds do to the restoration of our state's fisheries and our coastline?

Mr. ZERINGUE. Well, the NRDA assessments are underway as we speak and unfortunately the long-term implications, it is going to take years to assess that, but we all know there are impacts. We know there are impacts. We discussed impacts on the panel. There will continue to be impacts. But we have opportunities right now if BP could advance some of the money. We all know there will be fines and funding associated to those impacts for remediation, but we could put that money to good use and will continue to work to assess what those impacts related to the oil spill and they will continue to be assessed for awhile. And we are in the process of doing that.

Mr. LANDRY. So the legislation that Senator Vitter and I both have introduced would be a step in the right direction.

Mr. ZERINGUE. Yes, sir, and I want to applaud the efforts of both you and Senator Vitter in helping to develop that legislation that will be used in requiring BP and other responsible parties to begin paying for that restoration work and begin paying for it now, because the problems that we are facing and will continue to face will not get better, and the sooner we can address those and minimize those future impacts, will be to everyone's advantage.

Mr. LANDRY. Thank you. Mr. Voisin, in November of 2010, BP told Governor Jindal that it would pay for and negotiate early payments to Louisiana to help rebuild the oyster beds, repair damaged wetlands and build a fishery hatchery to allow the state to respond immediately to the collapse of commercial fisheries, by the beginning of this year. Let me back up—beginning this year, they decided not to give Louisiana the funding. What do you think changed their mind?

Mr. VOISIN. You know, they do not talk to me, Representative Landry.

[Laughter.]

Mr. VOISIN. I would suggest that in my opinion, overall, BP has acted responsibly in their response to this spill. That is one of the major irresponsible things I think they have chosen at this point to do. Could it be because of the legal system and all the legal actions that have been forced against them? I am not sure. I am surmising potentially they are concerned relating to that and will deal with it from a legal perspective.

One thing I want to note though is that in OPA-90, the limit is a billion dollars that they have to pay in economic losses. It is acting pretty responsibly to put up \$20 billion and to say they will put up more if it is needed. So thank God we had a deep pocketed oil company that had the ability to do that, because truly the law that is on the books today only requires a one billion dollar fund to be established for economic damages and they have paid out I think today some four billion or whatever that number is. So thankfully, BP has acted responsibly—in many respects, they have acted responsibly. One thing I will tell you, I learned about it Saturday when I read the newspaper and the Gulf Coast restoration guy said they decided not to do that. It is disappointing, I hope they will change their mind, I hope they will see the error of their ways and we will be able to get that restoration moving forward so the oyster community can get back to normal sooner rather than later.

Mr. LANDRY. I yield back.

The CHAIRMAN. Thank you very much for your questions. Next we will go to Mr. Boustany.

Dr. BOUSTANY. Thank you, Mr. Chairman.

Mr. Zeringue, we have worked closely with Garret Graves on a whole range of coastal issues on behalf of the State of Louisiana. And last year, I think it was last summer, probably early in the summer, President Obama named Secretary Mabus to head up coastal recovery for the Gulf Coast in the wake of the spill. Secretary Mabus was down in New Orleans, I visited with him there and we talked a lot about the impact of the spill and the long-term problems we had with the coast.

So my first question to you is what kind of contact have you or Mr. Graves had with Secretary Mabus on coastal issues?

Mr. ZERINGUE. Again, I wish Garret was here, he could tell you firsthand. In fact, he is with Secretary Salazar right now in Washington, but he has had contact, and I would defer, to the degree, to Garret, but I know as the state trustee, our office and Garret representing the Governor as the state trustee, has had significant conversation and continues to work to ensure that we are getting our fair share. There seems to be some discussion as to how that is all going to work out and we are in the process of doing that, but he is constantly engaged in the process.

Dr. BOUSTANY. Could you have Mr. Graves perhaps provide the Natural Resources Committee with information on to what extent Secretary Mabus, who is President Obama's point person on this, has been engaged with the state in a constructive way? Could you pass that on and have him respond?

Mr. ZERINGUE. Yes, sir.

Dr. BOUSTANY. That would be helpful.

I had a conversation back last summer with Secretary Mabus and he seemed very positive about wanting to do things long-term

to get our economic recovery going, but then also looking at coastal restoration, which is so important to all of us. I have southwest Louisiana, I offered legislation in the last WRDA Act to restore—put a plan in place to restore our coast. But it is linked to revenue sharing, and I pointed out that if you impose a moratorium on drilling in the Gulf of Mexico, then you are basically imposing a moratorium on future revenue generation and there is really only one way that we can restore long-term our coast and that is to have a source of revenue. And this is, you know, in a way how our environmental concerns are linked to our energy concerns down here.

It disturbs me because—you know, I think Mr. Fleming quoted President Obama and his Administration talking about production being the highest ever, when in fact the President's own Department of Energy came out with recent figures showing that Gulf of Mexico production for 2011 is down by about a quarter of a million barrels a day and I think for 2012, it is just a little bit less than that, it is about 200,000 per day that it will be down. This is future energy production, it is future revenue.

Talk to us about how that hurts our efforts in trying to take on these long-term coastal restoration projects.

Mr. ZERINGUE. To the credit of the citizens of Louisiana, we have constitutionally dedicated those funds; those royalties, Gulf of Mexico Security Act, will go specifically to restoration. And as you mentioned, delaying on the moratorium is inhibiting our ability to apply those funds and future funds to restore our coast. And a lot of it is in relation to the disparity that exists between Louisiana as opposed to other Gulf states. If you had Florida and Texas, they have three marine leads or nine miles off the coast that they will receive revenue. Unfortunately, Louisiana, Mississippi and Alabama, we only have three miles and this is a result of the Submerged Lands Act and it is the ability of the states to recoup some of that money. And because of that disparity, it affects not only what we are experiencing now, but long-term, as you suggested, Congressman Boustany, and hopefully we can address that.

Dr. BOUSTANY. Thank you. For over 50 years, Louisiana's congressional delegations have fought to get Federal revenue sharing and we finally got a breakthrough in 2006 with certain limited areas in the Gulf and that has now gone away because of the Administration's actions in a very arbitrary way. And it is unfortunate because it took us that long to make that little progress and now it has been erased.

Mr. Voisin, I am looking at legislation right now on the tax issue you referred to, deferring the taxes that are put back into the community, that is an important approach to this. You, Ms. Davis, Ms. Chauvin, you have all talked about trying to hold onto employees and recognizing the value of these employees. You have all talked a little bit about it. I would love to hear a little bit more description. What are you doing? What steps are you really taking to make this happen? Because it is hard, really hard.

Mr. VOISIN. Thank you, Mr. Boustany and thank you for introducing that legislation. It would be a good day to drop it in the hat today because it is tax day, as you know.

You know, we have many distressed employees from last year. In our business we normally hire an additional 25 or 30 people in the summer time. We were not able to do that last year. We were luckily able to stay open and reduce hours, reduce production throughput, but as I said to Dr. Benjamin, the Surgeon General when she was down here and said what can we do to help. I said we need to send a lot of mental health counselors down here because our area is extraordinarily stressed and I continue to sense that, not only in the area but even in my own personal family where I have a son that worked for me that has gone on to another job. They have done that because of the stress and the insecurities that they have relating to what they see as this situation that they do not have the years of experience that we have had in business, they are younger, and sometimes, as Lori said, the grass looks greener because maybe there is more security elsewhere.

The CHAIRMAN. I want to keep as close to the time as possible and perhaps you can respond to that in the second round. We will start a second round here. I just simply—I will start the round and I just simply have one question for Ms. LeBlanc.

You mentioned in your testimony, since you represent a broad coalition if you will, that if there was some certainty in the permitting processes that were suspended, people could get back to work. And I think that is a very, very important aspect of where we are right now, because these were in existence already and they have been suspended. So could you elaborate on that for me, please?

Ms. LEBLANC. Yes, Mr. Chairman. I think the biggest issue that we have had through this entire process, we had a moratorium on the deepwater and we had a de facto moratorium on the shallow water, but even when the moratorium was lifted in October, we didn't flip a switch and go back to work right away. The primary issue is about uncertainty, the uncertainty and the transparency in the process of getting permits approved and getting plans approved. We have worked I think diligently and sensibly with the BOEM and with Director Bromwich to try to work through these issues, but there is still so much of an unknown that goes on with the entire process of getting permits and plans approved, and that really trickles down to the American workers on the front lines here, you know, small businesses here in small town USA in Houma, Louisiana, because that uncertainty means people are not going out and buying a new home, and the companies are just strapping their boots and tightening their belts and trying to have a lean and mean operation in these small businesses. And the most important thing that we can have right now out of the BOEM would be some certainty to that process of the plans and the permits. These plans and permits get submitted and in many instances go back and forth, we call it recycling, between BOEM and industry. Sometimes it resets the clock, so we have this clock resetting problem and we just do not know, you know, what used to take one month to get a permit can now take five months to get a permit or longer.

The CHAIRMAN. Is it safe to say that in the permitting process and then in the ensuing regulatory process that necessarily follows—we know there is going to be regulation, but for goodness sakes tell us what the ground rules are, the time period by which

those ground rules are laid out and stick to it. And I surmise that if that were laid out in some certainty, that you would have a quick response from people that are in the industry, positive.

Ms. LEBLANC. Yes, absolutely. Mr. Chairman, the problem that has been in the last 10 months or so is that every single rule that comes out, you know, when you go back to NTL-6 and NTL-10—and you Congressmen are aware of what I am talking about—when you have these new rules and requirements coming out, there is a large degree of ambiguity that goes with these requirements. And they have not been laid out. All we ever wanted was a road map to compliance, how do we comply. It is not as if the industry has not attempted to comply. They have submitted what they anticipated or what they thought the BOEM wanted, but there was not a clear road map and that is one of the reason why the Gulf Economic Survival Team, we intervened and we became a facilitator in order to push for more clarity and to get these frequently asked questions, to get guidance documents. But still, you know, there needs to be a very robust process and it needs to be known to industry, how do we get a permit, how do we get a plan.

The CHAIRMAN. I will say in that sense, the legislation that we have passed out of Committee, all members of the Committee supported that legislation and hopefully it will be on the Floor in May, we think will give some of that certainty. And we expect that legislation to be on the Floor of the House and we expect it to pass the House sometime in May. As you know, then the process goes to the Senate, so anything you can do on the ground level to help us on that would be very much appreciated.

Mr. Fleming.

Dr. FLEMING. Thank you, Mr. Chairman. I would like to follow up on these same statements and questions and that is that you go back to a year ago, the President had his own hand-picked committee of experts, ten experts, all of whom said there is no reason to have a moratorium, but yet there was a moratorium. And then we had Secretary Salazar up for hearings and we required him to remove the moratorium and he put it back on again. Finally it went to the courts, the courts held Mr. Salazar in contempt for continuing that. So then after all that happened and permits began to be issued, then we had a slowatorium where permits were slow walked, and that is really where we are. So I want to thank the Chairman for authoring this legislation which will streamline the permitting process, because the industry is doing everything it can, but again, the Administration is not. And I am certainly a very happy co-author of that legislation.

I would like to turn my attention to the business owners, the seafood business owners. You heard me react and respond to what your position is, and that is you are sort of in this cash flow gap right now. What can we do, what can we take back to Washington to Mr. Feinberg or whoever else, to say what is it that—what are your needs, so that in the short-term your business survives and you can pay your home mortgages and things like that, but in the long-term you can be made whole.

Ms. CHAUVIN. I think as far as being made whole, of course, there is a definite problem to getting the fishermen out on the water. There needs to be—Feinberg needs to start issuing checks.

He needs to make sure, yes, all the paperwork is there and for God's sake, quit losing it. That is one thing that needs to be done.

Second, continue testing the seafood. As I said, we welcome it with open arms. That is something that has to be done, we need that funding to be able to do that.

I think that we need to have a time line and know what we are expecting. There is great uncertainty in the seafood industry and we have to deal with the perception problem.

So we have to come up with solutions and I think we have worked with our Louisiana Seafood Board in trying to pull some solutions. We can send you that, we can get that for you.

Dr. FLEMING. As a matter of fact, if you could coalesce together and create a list or an outline of specifics that we can take. And one of the things I am hearing is the perception problem. Do we have funding coming from BP that we can take out and advertise, and say hey, Louisiana seafood is the best in the world, we know that already, but do you know it is the safest in the world? Do we have that coming down?

Ms. CHAUVIN. There is some money that came down for the Louisiana Seafood Board to promote and market our seafood. I think Wildlife and Fisheries, correct me if I am wrong, also got some money for testing.

Mr. VOISIN. Representative Fleming, there was \$30 million given to the State of Louisiana and the Seafood Promotion and Marketing Board for the rehabilitation of our brand. It is just now getting to where they can start spending that money, it takes time to get here, and hopefully sooner than later, that will be out. Also \$18 million was given to the Department of Wildlife & Fisheries to do additional testing to make sure and ensure that that seafood product is of a quality and safe to be consumed.

That is our biggest challenge. One of the comments in my testimony was to hopefully take some of the fines that EPA will be putting on BP for this, and allowing some of those dollars be used to rebuild that brand because we have suffered and continue to suffer.

Dr. FLEMING. Well, again in closing, if you can bring a brief paper together, an outline, because as we get there, we may forget some of these things, certainly weight them in importance what you would like to see that will be done in the short-term to keep you flying, and the long-term to fully restore.

You know, I have not heard today anybody say, you know, I want to get out of the business, I just want to walk away with a big check. What I am hearing is families of generations who have been hammered time and time again mostly by climate and weather of course, with the many hurricanes we have had over the last decade, and this on top of all that. But I am not hearing anybody saying I want to throw the towel in, I want to give it up here, you know, I have had it, I want to move away. I am not hearing that at all. I am hearing people say I just want a decent chance to survive and grow my business once again. And certainly that is a commitment from everybody up here to help you do that.

I thank you and I yield back.

The CHAIRMAN. I thank the gentleman.

The gentleman from Florida, Mr. Southerland.

Mr. SOUTHERLAND. Thank you, Mr. Chairman.

I also want to make mention, last week the markup bills that we looked at, I think on Wednesday we did that, that Chairman Hastings dropped, I think will give some specific clarity as to the application processes so that, you know, as a business owner—and I am a small business owner, our family has a small business—we understand that if time is money, speed is profit. So, therefore, if you do not have an idea of when you apply, when you are going to get some kind of answer—just tell me, you know, yes, no, just tell me. And so I really think—those resolutions are House Resolutions 1229, 1230 and 1231. Again, 1229, 1230 and 1231. And I believe that it will pass the House and I would ask you to reach out to your Senators and tell them that these resolutions give much needed clarity to the application process for permits.

I want to also ask you, you know, one of the things we are dealing with over in Florida is I am aggravated that claims, individual claims, are getting paid to kids that are 17, 18, and I know they live at home with their parents, but they are getting seven, eight, ten thousand dollar checks and yet the businesses that they worked at, small businesses, restaurants many of them, because they are waitresses or they are hostesses, they are able to get these—it is like going to an ATM, they could not get the money any faster. It really is incredible. And yet the businesses that they worked for get nothing.

I want an opportunity to ask Mr. Feinberg myself this question, is that also the case here in Louisiana?

[Applause.]

Mr. SOUTHERLAND. Well, to me that is so bothersome because these kids, it is like hitting the lottery for these kids. Is that the case?

[Panel members nod.]

Mr. SOUTHERLAND. I want to say one of the things that has bothered me greatly since I have been in D.C., you know, we learn of how the Administration is shutting down coal miners in West Virginia, loggers in the west, farmers are being threatened to lose their family farm, just as many of you have family businesses. In my district of Florida, we have tremendous agriculture entities there, family farms, that are being threatened by over-zealous regulation of EPA. Obviously our catch share limits, and then the challenges with the oil spill. And it seems like you are still reeling from the impacts of the hurricane. And so I do not even know if that has been factored in, you were not even really back on your feet from the hurricane, how could you really identify the damages, exact damages, when you still have not recovered from the damages served by the hurricane. And I know that would even further complicate the formula, so I am not optimistic that that will ever be taken into consideration.

But you know, as a freshman Member of Congress, I just want to say—and I know this is my last question for this panel—thank you for what you represent. You are the people that I wanted to go and fight for, you are just like the people that I serve. My family is a three generation small business, we love to work hard, we want to be honest in our dealings and we want to make sure that at the end of the day that we have bettered our plight and that we have treated our neighbors friendly and that we have cared for

the next generation, our children. I have four daughters and we do not want what is not ours, we just want a fair shake.

I apologize to you for the incompetence of this Federal government.

[Applause.]

Mr. SOUTHERLAND. I apologize.

I will tell you I am deeply disturbed by what I see in Washington because they do not want to negotiate an amicable agreement where we can work hard and have honest dealings. I believe with all my heart that they want to shut the coal miners down completely, they are OK with the family farms never plowing another field, they are fine with you not ever, sir, ever—they do not want you to have the three specs that you cleaned this year. OK?

[Laughter.]

Mr. SOUTHERLAND. And I am one that loves fishing my flats with my children. So I applaud you, I want you to know I pray for you because what you are dealing with right now is unjust and I went to Washington, D.C., to fight for justice. Thank you for giving of your time today. God bless you.

[Applause.]

The CHAIRMAN. I thank the gentleman. Mr. Landry.

Mr. LANDRY. Isn't that great. You know, it is important that we recognize that three of those who are sitting on this panel, it is their job to be here because this is our home, it is our state, but the Chairman and Mr. Southerland have traveled a long way to come here. You know, we hear it every day and we should recognize that my appearance here is nothing great, it is my job. But Mr. Hastings and Mr. Southerland, they want to see what is going on down here. They are hearing the cries and I can tell you that Mr. Southerland's comments echo for the vast majority of the newly elected freshmen that are sitting in the U.S. Congress. And it is where I draw my energy to fight for you all, is from those guys. So do not forget that you are not alone, there are still good people out there in this country and there are still people who believe in American exceptionalism. You know, sometimes you start to get cynical and sometimes we believe that we cannot make a difference, but believe you me, we can if we can just stick together.

I wanted to just give Ms. Robichaux an opportunity, I know she is kind of sitting on this end of the table and it seems like all the action is on this side, to just speak for a minute. You are a State of Louisiana recognized tribe. Could you tell me just why you think your claims have been denied? You have made application as a tribe as a whole?

Ms. ROBICHAUX. Yes, we have, we have filed a petition for Federal recognition to the Bureau of Indian Affairs, Office of Acknowledgement and Research. We could be the poster child for what is wrong with the process.

When we first began in the late 1970s, we were told it would be an 18-month process, we are now 30 years in the process. And so we continue to fight for what we believe is rightfully ours and that is to gain our Federal acknowledgement status. But it has been a challenge. We have gone through several administrations seeking guidance and help and unfortunately we have not received strong support from our delegation as we should have. We had asked Con-

gressman Tauzin years ago to sponsor a bill and he did that, in our opinion, half-heartedly. In the bill that he wanted to sponsor, there would be language that we would give up our land rights, our claims to our land, our traditional homes, and so needless to say, that was not something that we could support, because we do not feel that we should have to give up that right.

In a recent conversation with Senator Landrieu's office, she expressed concern about if we gained our Federal recognition, that we would have the right to open up a casino.

And so all of these factors should not be taken into consideration as we struggle for our Federal acknowledgement. We feel that we have a rich history, we have it documented and that we deserve to have our Federal acknowledgement status.

Mr. LANDRY. Thank you.

Lori, just real quick, LeBlanc, you have done a lot of work with the oil and gas industry, especially the shallow water coalition, is that correct?

Ms. LEBLANC. Yes.

Mr. LANDRY. Do you believe that the industry is safer today than it was before Macondo?

Ms. LEBLANC. Absolutely.

Mr. LANDRY. Do you know that last week, Cuba issued four permits off their shelf? And I have asked everyone who has come up in front of us, and I am going to kind of put you on the spot, do you have any idea the type of environmental regulations and safety regulations that the companies who will drill off of Cuba will have to meet?

Ms. LEBLANC. No, sir, I have not evaluated the Cuban regulations for environmental.

Mr. LANDRY. Well, do not feel bad because Mr. Bromwich could not answer that either. How about in Brazil, do you know what they have to do in Brazil?

Ms. LEBLANC. No, I do not know what their environmental safety regulation are either, although I have heard that the President is supporting offshore drilling off of Brazil.

Mr. LANDRY. Right. I just had to ask that, because I have asked everybody in the panel, you know, when they come because I am still trying to search out what you have to do to meet safety regulations and environmental regulations to drill in Brazil and Cuba which is only 90 miles from Florida, Mr. Southerland's state.

So thank you, I want you to know that that is consistent with everyone else, it is not your fault, and no one does, but I think that we should heed that and understand that we do a lot, this industry does a lot from a safety perspective, it does a lot from an environmental perspective. Has it made its mistakes? Yes. Is it going to own up to them? Well, we are going to make sure that they do.

Thank you.

The CHAIRMAN. I thank the gentleman and our last question will come from Mr. Boustany.

Dr. BOUSTANY. Thank you, Mr. Chairman.

To my friend on the other end down there, Mr. Landry, it goes beyond regulations because the Administration is also trying to use the Tax Code to make foreign companies owned by China and Brazil and Venezuela more competitive than our U.S.

headquartered American energy producers. So it goes way beyond just the regulatory scheme. So we have a lot of work to do to educate this Administration on the importance of American energy production.

Mr. Chairman, I just want to say thank you again for holding this hearing, and for all the work that you are doing, not only in this Congress, but it goes way back. Since I have been in Congress, I have been able to work with you on a number of energy issues and I appreciate your leadership on this. You have been outstanding and I look forward to continuing to work with you on this very good legislation that I cosponsored as well.

I want to follow up on some, Ms. Chauvin and Mr. Lambert, both of you talked about the fund, the compensation fund, and all the lost paperwork. And I think, Ms. Chauvin, you mentioned 10 times they lost your paperwork?

Ms. CHAUVIN. Yes.

Dr. BOUSTANY. That is just astounding. It is one thing to ask for more information, but to keep losing the paperwork is just unconscionable to me. I just do not get it.

Talk to us a little bit about the steps and frustration, I would like to hear from both of you on that.

Ms. CHAUVIN. One of the things that we have done is at the beginning I made a copy of everything I had sent in. Now at this time, I can honestly tell you I have sent four foot of paperwork in to this place. I mean that was just at the beginning of it and then losing it the first three times. Now it is well over that, it is ridiculous.

Dr. BOUSTANY. Are you dealing with different people each time?

Ms. CHAUVIN. This is what they do, at the beginning you were dealing with BP, so we sat in there, brought in the paperwork. The next time it was with GCCF, in which you could call on the phone, you could do it on the computer. I chose to get all of my stuff together and go to the GCCF office in Houma and only speak to one person there, and that is what I did, I brought it in. And he is astounded that they keep losing my paperwork because I have been meticulous with the paperwork.

In doing so, each time they were sending investigators, and this is what they told me, they did not understand how I could have a corporation that did not line up with my boat name. And I said, are you kidding me, is that what this is all about, because let me put your fears to rest, this is not a fraudulent claim. And I explained to him how my father-in-law owned the vessel first, had already named the corporation, it was the first vessel that my husband had owned and it had his father's initials in the front of it. So it was A.J. Horizon, Inc.

Well, we are 2009 and of course, we do not stay with the same vessel all those years, you know, we built up because we wanted a family vessel that we could go out on. I have three children, we wanted to bring them out in the summertime. Well, we could not do it on the first boat because it was a working boat. You walked in, there was a kitchen and there were bunk beds and there was a pilot room. You cannot bring in two and three year olds, the deck hands would never be able to sleep, does not work. So we built a boat, our own blood, sweat and tears, I as a go-fer, he welded, him

and his dad put it together. And I explained this to him. That was the third investigator. And he said OK, well, we will be the last one. We spent two hours with that investigator.

Then here comes the fourth one, he cannot understand why I am aggravated. Are you kidding me? You cannot understand my aggravation? It has been on and on, and we were told we would receive a substantial payment, that was two weeks ago. And let me tell you, there is nothing in the mail.

Dr. BOUSTANY. Mr. Lambert, do you want to add to that?

Mr. LAMBERT. It seems to be that their MO is to take the low-hanging fruit, you know, the ones that you all spoke of. But the thing that I cannot understand is if they are doing this for stall tactics—because no one can be as incompetent to lose so many papers as they have lost. If they are doing this for a stall tactic, to wait for NRDA or to wait for anything, tell us, so we know what they are doing. There is zero communication.

I used to be like Mr. Voisin, I was very, very positive and I was all about them, they are going to make it right, you can read all the articles from a year ago. But today, to watch my people suffer and for young guys that just got into the business a year or so ago and went and got their captain's license, bought a \$50,000 boat, got everything, all their equipment, and then tell them, well, you have no documentation, we need three years of documentation. Where are they going to find that, they are 21, 22 years old and now they have all this invested. My business is down 94 percent, he is number 10 in seniority, he is not working. There is nothing in the system for them.

There needs to be a voice and some communication and there is none. I mean I have not talked to them since Bill Mulvey from Feinberg's office and I talked early in December when he told me well, we are going to send you another packet, I see what we did wrong, we are not going to pay you, but we are going to send you another packet. I am done with that, I have spent countless hours, as everyone else did, and countless dollars getting it done for them only to be delayed and delayed and the people that went through all of it, you know, they said you will hear something within 10 days, you will have an offer, some of the people in the charter boat industry. No offer came. Ninety days later, they said April 4, we have to do it because it's 90 days, then after that, you can file a suit.

No communication whatsoever. You go to the facility, they do not know anything. No one knows anything, you know. It is incompetent.

The CHAIRMAN. I want to thank all of you, and this is precisely the reason why we wanted to have this field hearing down here, to hear from people that are on the ground and getting the effects or non-effects of what it is trying to do to mitigate, you know, what happened a year ago. So I want to thank all of you very, very much for being here.

I do want to note this, and I think it is important—our Committee is a bipartisan committee, there are Republicans and Democrats on our Committee, but the only Members here are all, we happen to all be Republicans, but I can assure you of this, the testimony that we have heard from you, we are going to share with

our colleagues, as we say, on the other side of the aisle because we think this testimony is immensely important and that everybody should hear that.

So I just wanted to make that note, that your voices are going to be broadcast much more loudly and beyond what you see here with the five of us at the dais.

So with that, I want to excuse the panel. We will take a 10 minute break and come back with panel two, Mr. Owen Kratz, the Chief Executive Officer of Helix Corporation and Martin Massey, the Chief Executive Officer of Marine Well Containment. I want to thank you all very much for being here and we will be in recess for 10 minutes.

[Recess.]

The CHAIRMAN. The Committee will reconvene. As I mentioned at the outset, the focus of this hearing was on the economic recovery and now what we are going to hear is testimony on potential responses in the case that another event happens, which we hope will not occur. And we have with us two individuals that are intimately involved with that—Mr. Owen Kratz, who is the Chief Executive Officer of the Helix Corporation, and Mr. Martin Massey who is the Chief Executive Officer of the Marine Well Containment Company.

You heard the rules of engagement on the panel. Your full statement will appear in the record and I would ask that you keep your oral remarks to five minutes. Obviously we want to make sure you can express yourself fully.

So with that, Mr. Kratz, we will start with you and you are recognized.

**STATEMENT OF OWEN KRATZ, CHIEF EXECUTIVE OFFICER,
HELIX CORPORATION**

Mr. KRATZ. Thank you. Mr. Chairman, members of the Committee—

The CHAIRMAN. Pull the mic a little closer.

Mr. KRATZ. How is that?

The CHAIRMAN. Thank you.

Mr. KRATZ. Thank you for the invitation to testify today. As part of a team called upon to respond to the Macondo incident, I believe Helix Energy Solutions' experience can be of assistance to the Committee as it evaluates response policy going forward.

Three Helix vessels—the *Q4000*, the *Express* and the *Helix Producer I*—played a meaningful role in successfully bringing the deepwater blowout under control at the Macondo site.

The lessons we learned will inform our approach to commitment efforts well into the future. The question is can we accomplish containment faster than the 87 days required on Macondo, and mitigate the impact. The technology exists. Emphasis needs to be on preparedness with planning, peer review, contracting and fabrication complete.

In December 2010, Helix brought numerous independent operators together to form the Helix Well Containment Group. Our purpose was to develop a comprehensive rapid and effective response to a deepwater well control incident in the Gulf. Currently, 25 leading energy companies belong to the consortium. Working in close

collaboration with the BOEMRE and the Coast Guard, we designed a comprehensive 1000 page well containment plan that meets the agency's requirement in NTL-10. The plan addresses multiple scenarios inclusive of specific well information and deployment procedures, many of which we refined during the Macondo response effort.

Technical experts and critical equipment from each of the member companies will be made available to any member during an event, providing a fully compliant level of capability as required by NTL-10. The system is specifically designed for expansion and inclusion of developing new technologies. With the MWCG, the technology and assets are identified, procedures in place and peer reviewed through a tabletop drill process. All contracts are also in place and fabrication done beforehand.

So what does it mean to be prepared for an endeavor as complex and time-sensitive as an undersea well control incident? The Helix Fast Response System's interim containment system includes a 10,000 psi capping stack, a riser system, a Q4000 intervention vessel, the Helix Producer I floating production vessel and all necessary equipment to complete the intervention system. This system is capable of completely capping and closing a well that has the necessary mechanical integrity to do so, or allowing flowback and flaring up to 55,000 barrels of oil or 70,000 barrels of liquids per day and 95 million cubic feet of natural gas per day at water depths of up to 5600 feet. That system stands ready now.

The next system of readiness which we refer to as the complete containment system is designed to handle more comprehensive responses by including a 15,000 psi capping stack and a riser system of operating in 8000 feet in water. This system is complete and in the final stages of testing. This system represents approximately one billion dollars worth of investment if it were to be reproduced today.

Finally, as we look into the future, we are evaluating an even further expanded system having capability to 10,000 feet of water that will allow capture and flowback of up to 105,000 barrels of oil per day and 300 million cubic feet of natural gas. Approval of this expansion will take place only if the members decide a system with this capacity is necessary. If so, this could be ready by 2012.

One of the most innovative parts of the U.S. energy industry comes from a robust and healthy offshore independent oil and gas sector. A diversity of upstream players has produced countless innovations, not always the largest companies. One of the major impediments facing convincing the producers to dedicate the means to provide a solution in a more timely manner is the uncertainty surrounding the government's policy as to what specifically will be accepted as a sufficient containment solution. The government can greatly aid the process by continuing if not hastening to resolve uncertainties inherent in the early drafting of the regulations and to address concerns of the industry as to what may be deemed sufficient in the process of drilling that may arise in the future such as liability caps, lease expirations and spill responses.

The industry is aligned with everyone's interests and understands that this cannot happen again. The industry is and will continue to provide innovative solutions.

With that, thank you for the opportunity.

The CHAIRMAN. Thank you very much, Mr. Kratz, for your testimony. Mr. Massey, you are recognized.

[The prepared statement of Mr. Kratz follows:]

**Statement of Owen Kratz, President and Chief Executive Officer,
Helix Energy Solutions Group, Inc.**

Chairman Hastings, Ranking Member Markey, and members of the Committee, thank you for the invitation to testify today. The question of the appropriate technological response to what this nation learned at the Macondo site in the Gulf of Mexico is central to responsible policy. As the head of a team called upon to lead the response to that situation, I believe Helix Energy Solutions' experience can be of assistance to the Committee as it evaluates response policy going forward.

Helix provides life-of-field services and development solutions to offshore energy producers worldwide, and is a leader in the provision of containment solutions for undersea well control incidents. Since the events that began unfolding at the Macondo well nearly one year ago today, there has been a great deal of interest among all Americans—and rightfully so—about how our industry can most effectively prepare itself to respond to an undersea blow-out and oil spill as we go about the business of harvesting our nation's critical offshore natural resources. We are pleased to have the opportunity to share our considerable experience on the subject at hand today.

The provision of effective oil well containment capability plays an essential role in facilitating responsible energy development in the deep waters of the U.S. Gulf. Helix stands ready to assist industry in providing the benefit of its expertise and resources immediately. Helix has participated in hundreds of deepwater well intervention efforts around the world for more than 15 years.

Most relevant to today's discussion, Helix vessels were enlisted to play a key on-site role in the Macondo Incident Control and Spill Containment effort following the April 2010 blowout. Three Helix vessels—the Q4000, the Express and the Helix Producer I—were instrumental in successfully bringing the deepwater blowout under control. A fourth Helix vessel, the Normand Fortress, also played a vital role in the effort.

At the Macondo response site, Helix staff logged 285,000 man-hours aboard the Q4000 alone during the blowout response—a total of 135 days altogether. Helix staff provided the conduit for thousands of barrels of fluid during the static kill and cementing operation. Up to 80 barrels of kill fluid were pumped every minute through four vessels daisy-chained to the Q4000 during the top kill operation. Helix also provided flowback and burning of up to 10,000 barrels of oil and 15 mmcf/d for approximately 30 days as well as deploying the original cofferdam. And it was the Q4000 that eventually lifted the *Deepwater Horizon's* BOP from the seafloor onto its deck—a BOP weighing 1 million pounds. The lessons we learned during those intense days will inform our approach to containment efforts well into the future.

Building on our unique undersea containment experience, Helix joined together with numerous independent operators in December 2010 to form the Helix Well Containment Group (HWCG), an industry cooperative founded under the umbrella of Clean Gulf Associates (CGA), a not-for-profit oil spill response organization serving oil and gas exploration and production companies in the Gulf of Mexico. Currently, 23 leading energy companies have joined the consortium, and over 30 sub-contractors have signed on to be available to the HWCG to provide the core services necessary to fully complement a deepwater response.

The mission of the HWCG was to develop a comprehensive and rapid deepwater containment response system, with a designated purpose to manifest an effective response to a deepwater well control incident in the Gulf of Mexico. CGA and HWCG members have contracted with Helix Energy Solutions for vessels, equipment and services necessary to contain a deepwater spill. Helix is pleased to be of assistance, and we provide emergency containment services to the industry without regard to profit. Our goal as an offshore service company that employs more than 1,600 people worldwide is putting the Gulf back to work. And when the Gulf goes back to work—realizing the full potential of this incredibly productive energy basin—companies engaged in well intervention, drilling, field servicing and other related tasks all are gainfully employed to the benefit of the economy and energy security.

Working in close collaboration with the Bureau of Ocean Energy Management, Regulation and Enforcement—including in-person meetings with Director Bromwich and Secretary of the Interior Salazar—the HWCG technical committee designed a well-containment plan that meets the agency's requirement in its notice to lessees,

NTL 2010–N10. We developed decision trees, procedures and schedules, and identified services and equipment necessary for an effective response based upon lessons learned from the Macondo incident. Our well containment plan evolved into a comprehensive document addressing multiple scenarios inclusive of specific well information and deployment procedures.

What emerged from this work is a Well Containment Plan that encompasses over 1100 pages of comprehensive procedures, processes, and technical detail of equipment to be employed during a subsea containment response. Many of these processes and procedures were refined by Helix during the *Deepwater Horizon* response.

The Helix Fast Response System, the key component of the HWCg, is ready to respond to a subsea deepwater containment incident today, as shown by the six drilling permits recently granted based on our containment system. The Fast Response System is underpinned by a Mutual Aid Agreement that outlines how technical experts and critical equipment from each of the 23 member companies will be made available to any member during an event—providing a level of capability not required by NTL 2010–N10, but which the member companies feel adds an additional layer of capability to protect the safety of our workers, the environment and commerce of the Gulf of Mexico, our integrity, and our companies' investments. The system is designed for expansion and inclusion of developing new technologies.

We are pleased to report to the Committee that the HWCg today stands ready to respond to the most complex scenario referenced in the well containment plan—including an incident with the complexities of Macondo. The technology deployed in this effort is innovative, to be sure, but the real secret is the men and women of companies like Helix who are fully trained on how to use equipment in a broad range of circumstances and at a moment's notice.

What precisely does it mean to be prepared for an endeavor as complex and time-sensitive as an undersea well control incident? The Helix Fast Response System's Interim Containment System includes a 10 thousand pounds per square inch (psig) capping stack, a riser system capable of operating in 5,600 feet of water, the Q4000 intervention vessel (used during the *Deepwater Horizon* response) and all necessary equipment to complete the intervention system. This system is capable of completely capping and closing in a well that has the necessary mechanical integrity to do so, or allowing flow back and flaring of up to 55,000 barrels of oil or 70,000 barrels of liquids per day and 95 million cubic feet of natural gas per day at water depth up to 5,600 feet of water. This system stands ready now.

The next stage of readiness, which we refer to as the Complete Containment System, is designed to handle more comprehensive responses by including a 15 thousand pounds per square inch capping stack and a riser system capable of operating in 8,000 feet of water. This system is complete and in the final stages of testing.

For the sake of context, the initial reservoir pressure at the Macondo well face at the time of the blowout was 11,850 psig, according to the U.S. Coast Guard. The well sat in 4,992 feet of water and, according to final government estimates, may have disgorged up to 60,000 barrels of oil per day. It is important to note that a discharge rate of 60,000 barrels of oil per day does not equate to the flowback requirements. Flowback capacity required is meaningfully less than the discharge rate due to hydrostatic head and flow restrictions through the system. Actual flowback capacity requirements must be calculated for each well, but our system would have completely contained the Macondo well.

Finally, as we look into the future, the HWCg is evaluating an even further expanded system having capability to 10,000 feet of water that will allow capture and flow back of up to 105,000 barrels of oil per day and 300 million cubic feet of natural gas per day. Approval of this expansion will take place only if the members decide a system with this capacity is necessary. If approved by the members, this expansion could be made available by 2012.

One of the most innovative parts of the energy industry in the United States comes from a robust and healthy offshore independent oil and gas sector. Consistently, a diversity of players in upstream oil and gas have produced innovation after innovation (not always the largest companies), tackling technological challenges safely and effectively. When the government fails to respond appropriately to permitting concerns or creates significant doubt which undermines business confidence, it saps potential investment capital necessary to innovate. The smaller companies are more vulnerable to production delays and may leave the market. Ironically, if production in the Gulf should fall, the government is also denying itself access to revenue, making its own oversight job all the more difficult. So the bottom line is that in a world of limited resources, one of the most critical things for the government to do is "to do no harm." And that means putting the Gulf back to work as soon as possible. I understand the charge of responsibility the government has, but quite frankly, one of the major impediments faced in convincing the producers to

dedicate and allocate the means to provide a solution in a more timely manner is the uncertainty surrounding the government's policy as to what specifically will be accepted as a sufficient solution.

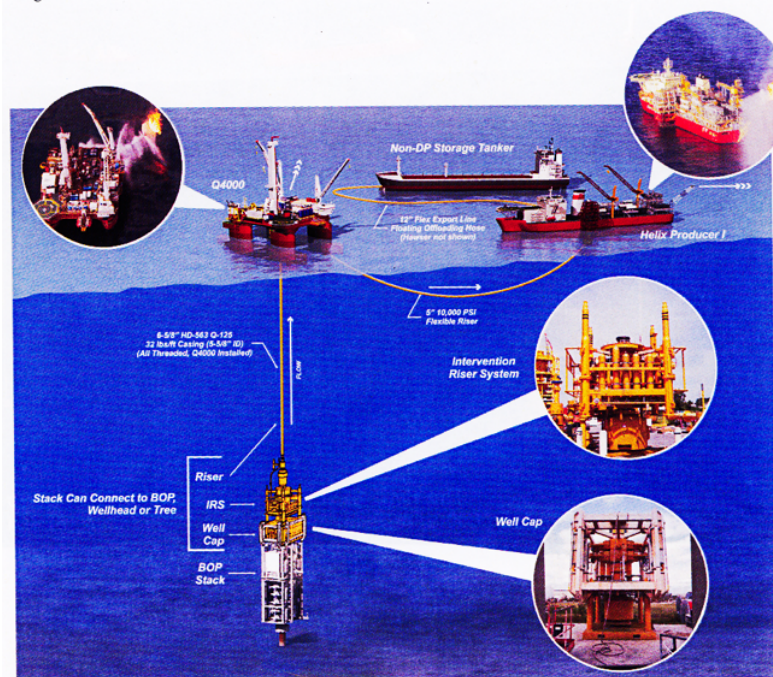
Of course, the federal government has its own research and development resources. In the Macondo situation, the private sector worked hand in glove with the talented men and women of the U.S. Coast Guard, including its capable Research and Development division. Further, the research centers of the U.S. Navy were called upon to assess technology, particularly for surface containment applications. NOAA also has tremendous value to bring to bear. We certainly encourage those government agencies to work closely with industry organizations like the HWCWG and the Marine Well Containment Corporation established by some of the major integrated oil corporations. Coordination and sharing ideas is very important to making advances.

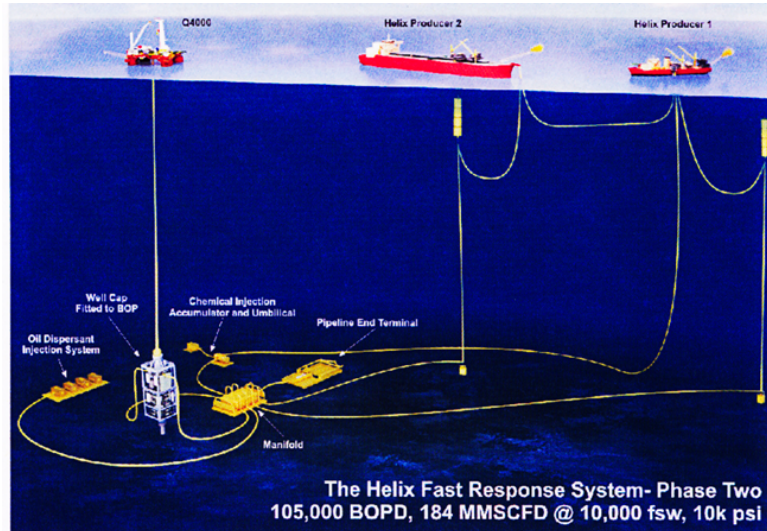
The technology we deploy is robust, but it is not inexpensive. The government can assist us in minimizing the cost of capital by reinvigorating the U.S. Maritime Administration (MARAD) program to advance maritime industrial development. This financing not only protected high-skill jobs on land and offshore, but ensured a supply of high-quality American-flagged, Jones Act-compliant vessels for U.S. waters. The Q4000, which played a critical role in the Macondo response, was built in Brownsville, Texas using MARAD financing. New, American-flagged vessels are critical to meeting the country's energy needs and providing the spill containment response capacity necessary to ensure that those needs are met safely. MARAD can help to make this happen.

Thank you for the opportunity to testify. There is no doubt that the unique circumstances faced in the Gulf last year were one of the most difficult crises faced by our industry. But the industry has always developed innovative technologies and processes even in the face of the toughest challenges. Now, with the experience of Macondo behind us, we have learned how to fashion an even more appropriate and effective containment system. It is time to get back to work. Thank you.

Appendix A:

Image 1





**STATEMENT OF MARTIN MASSEY, CHIEF EXECUTIVE OFFICER,
MARINE WELL CONTAINMENT COMPANY**

Mr. MASSEY. Chairman Hastings, members of the Committee, it is a real privilege to join you today.

For three decades, I have served in the oil and gas industry with ExxonMobil Corporation, during which time operating safely has always been a top concern of mine, as it has been for my colleagues. I was born and raised in Louisiana, I graduated from LSU with a degree in petroleum engineering and my first assignment with ExxonMobil was as a drilling engineer, drilling wells in the Gulf of Mexico.

I am currently seconded from ExxonMobil to the Marine Well Containment Company as its Chief Executive Officer.

I am grateful for the opportunity to discuss the new Marine Well Containment System that our member companies have developed to further safeguard the Gulf of Mexico in the event of a deepwater well control incident. I am glad to report that the interim system was completed in February, and is available for deployment should it be required. Most importantly, a number of new drilling permits have been issued to companies that rely on the capabilities of our system, and we understand that drilling has now restarted. This is very good news for our industry.

Let me briefly summarize the evolution of this system. The global energy industry has successfully built over 14,000 deepwater wells. But after the tragic chain of events that began with the Macondo blowout, it was clear that the industry could improve its preparedness to respond in the event an operator lost control and subsequent containment of a well.

So on July 21st, four of the largest companies operating in the Gulf of Mexico—ExxonMobil, Chevron, ConocoPhillips and Shell—set out and announced that they would design and build a well containment system for the Gulf. They would form an independent,

not-for-profit organization that would own, maintain and operate the system should it be needed to be deployed. BP joined earlier this year and helped us establish this interim containment system. The companies have done what they set out to do by establishing this interim system.

And I am pleased to say that Apache, Anadarko, BHP, Statoil and Hess have also become members of the Marine Well Containment Company.

The Gulf of Mexico is now safeguarded with a system that is able to respond in the event an operator loses control and containment of a well.

One of the system's most critical components is its capping stack. This is a piece of equipment that would be installed over the problem well and would either shut in the flow, cap the flow, or allow the flow to come to the surface where vessels are waiting there to capture and control the oil.

The capping stack can handle up to 15,000 pounds per square inch, more than the pressure of the Macondo well. Today, the interim system has storage and processing capacity up to 60,000 barrels of fluid a day, and can operate in 8000 feet of water, that is 3000 feet deeper than Macondo. These capacities will be further expanded next year when additional system capacity is added. At that time, we will be able to handle up to 100,000 barrels of fluid a day in 10,000 feet of water.

In short, this system significantly improves upon previous U.S. Gulf of Mexico response capabilities. We now have ready access to the equipment, the resources, the people and a predefined plan that we need to respond to a deepwater well control incident.

In creating this new system, the Marine Well Containment Company worked closely with the Department of the Interior and with the Coast Guard, as you know, who will be the one that will manage and lead any response. We have great confidence in this system. It is ready. And it meets the requirements of regulation on containment.

I want to point out that our system is available to all operators in the Gulf. You do not have to be a member. You can also access our system and contract with us on a per well basis.

I describe our mission as being continuously ready to respond to a well control incident in the U.S. Gulf of Mexico. And by saying that, I do not mean that we are just prepared for today, we are also looking to the future. Our members have the know-how, the resources, the commitment to continually improve the system to meet future industry needs, especially as new technologies emerge.

The energy resources of the Gulf are critically important to our country. They account for 30 percent of U.S. oil and natural gas production and they support more than 170,000 American jobs. We are hopeful many more permits will be issued soon and additional drilling operations will begin shortly. I am proud of the role that our company is playing in helping enable the men and women of the energy industry to get back to work in the Gulf of Mexico.

Thank you for your attention.

[The prepared statement of Mr. Massey follows:]

**Statement of Martin W. Massey, Chief Executive Officer,
Marine Well Containment Company**

Good morning, ladies and gentlemen.

Chairman Hastings, members of the committee, it is a privilege to join you today.

For three decades, I have served in the oil and natural gas industry with ExxonMobil Corporation, during which time operating safely has always been a top concern of mine, as it has been for all of my colleagues. I was born and raised in Louisiana, and graduated from LSU with a degree in petroleum engineering. My first assignment was as a drilling engineer in the Gulf of Mexico. I know the Gulf of Mexico, and the people who work there and live in the coastal communities.

I am currently seconded from ExxonMobil to the Marine Well Containment Company, where I serve as its Chief Executive Officer.

I am grateful for the opportunity to discuss the new Marine Well Containment System that our member companies have developed to further safeguard the Gulf of Mexico in the event of a deepwater well-control incident. I am glad to report that the interim system was completed in February, and is available for deployment should it be required. Most importantly, a number of new drilling permits have been issued to companies that rely on the capabilities of our system and we understand drilling has now restarted. This is good news for our industry.

Before going into more detail about where we are now, let me briefly summarize the evolution of this system. The global energy industry has successfully drilled more than 14,000 deepwater wells. But, after the tragic chain of events that began with the Macondo blowout, it was clear that the industry could improve its preparedness to respond in the event an operator lost control and subsequent containment of a well.

So on July 21, four of the largest energy companies operating in the Gulf of Mexico—ExxonMobil, Chevron, ConocoPhillips and Shell—announced that they would design and build a well containment system for the Gulf. They would form an independent, not-for-profit organization to own, operate and maintain the system. BP joined earlier this year and helped to establish this interim containment system. These companies have done what they set out to do with the interim system.

And I am pleased to say that Apache, Anadarko, BHP Billiton, Statoil and Hess have now also become members of the Marine Well Containment Company.

The Gulf of Mexico is now safeguarded with a system that is able to respond in the event an operator loses control and subsequent containment of a well.

One of the system's most critical components is its subsea capping stack—a piece of equipment that can shut in oil flow or, depending on conditions, divert it up to vessels waiting on the water's surface.

This capping stack can handle pressure up to 15,000 pounds per square inch—more than the pressure of the Macondo well.

Today, the interim system has storage and processing capacity of up to 60,000 barrels of fluid a day, and can operate in depths of up to 8,000 feet—3,000 feet deeper than Macondo.

These capacities will be further expanded next year, when additional system capacity is added. At that time, it will be able to handle up to 100,000 barrels a day, at depths up to 10,000 feet.

In short, this system significantly improves upon previous U.S. Gulf of Mexico response capabilities. We now have ready access to the equipment and resources to cap or contain oil from a deepwater well-control incident.

In creating this new system, the Marine Well Containment Company worked closely with the Department of Interior and with the Coast Guard, who would continue to lead the response to any offshore incidents. We have great confidence in this new system. It is ready. And it meets the requirements of regulation on containment.

Our ten members, who account for about 70 percent of the deepwater wells drilled in the Gulf from 2007 to 2009, have full access to the system. But I want to point out that our system is available to all operators in the Gulf. They may contract with us and obtain access on a per well basis.

I describe MWCC's mission as being continuously ready to respond to a well-control incident in the deepwater U.S. Gulf of Mexico. And by saying that I don't mean that we are just prepared for today, but that we are looking to the future. Our members have the know-how, resources and commitment to continually improve the system to meet future industry needs, especially as new technologies emerge.

The energy resources of the Gulf are critically important to our country. They account for 30 percent of U.S. oil and gas production and support more than 170,000

American jobs. We are hopeful many more permits will be issued soon and additional drilling operations will begin shortly.

I am proud of the role that MWCC is playing in helping enable the men and women of the energy industry to get back to work in the Gulf of Mexico.

Thank you for your attention.

The CHAIRMAN. Thank you both for your testimony.

Let me make a statement first and I do have a question. But I have been asked a number of times as Chairman of the Committee when we are going to develop legislation, potential legislation, to respond to the BP spill. And my answer has been consistently that—when it first happened—and that response is when we get all the information. There still is one more study out. Coast Guard and Interior have not come back with their study. The President has his commission. But I think it is being not responsible to simply roll out legislation when we do not know what all the facts are. And so I have said consistently and I just want to say this for the record, I—we may respond depending when we get the final facts. I wanted to put that on the record.

But I am very pleased to hear your testimony that the industry is responding to this, because that was one of the recommendations as a matter of fact of the Presidential commission on the oil spill, is the industry ought to be more aggressive. And I have told members of the industry separately when they have come in to visit me that they need to be aggressive in that regard.

So my question to you, and this is what the public would like to know more than anything else because industry was criticized, for example, in all of their responses. And probably the most egregious example they use was industry has to watch out for walruses, which of course do not exist in the Gulf of Mexico. But that was part of their response and they have frankly been criticized for that and rightfully so.

So my question to you is simply, and I know that risk is something you cannot say with absolute certainty, but if there were another event like BP, knowing what you know now, which is better than what you hopefully knew when it first happened, with what you are talking about in place—it took from April to September to cap that well—with what you know now and what you think your technology could do now, if there were another event tomorrow, how quickly could that well be capped? Mr. Kratz, I will start with you.

Mr. KRATZ. Well, as things stand, based on the procedures and the desktop drills that we have done, pending access to the wellhead and the variable there is debris removal, and there are debris removal plans but of course they vary. But pending access to the wellhead, a simple capping and shut-in procedure, assuming that the casing integrity will allow, it is approximately a four-day period. To establish flowback to the surface in the case of casing integrity not being there, then the procedures that we have right now indicate a 10 to 17 day window.

The CHAIRMAN. Ten to 17 day window. Mr. Massey.

Mr. MASSEY. Well, the advantage we have today is we have identified the equipment, the resources and we have a predefined plan that they can call on. If we are called upon for an incident in deep-water Gulf of Mexico, we will begin mobilizing immediately and so

it is our expectation that we will actually have equipment on site within a matter of days under the unified command. When the unified command makes a decision that they are ready to install it on the well, that they have actually removed debris out of the way, as Mr. Kratz responded, so we have access to the well, we will have the equipment ready to be installed.

The CHAIRMAN. How quickly?

Mr. MASSEY. It would be a matter of days. Under the circumstances——

The CHAIRMAN. I know there is uncertainty, but what I am simply trying to respond, because is what the public is going to ask. This went on from April to September because there was lack of any containment technology out there to do it. What I want to ascertain and I think—and I know that somebody is going to criticize you probably for giving your answer, but what you are telling me is that within, on the outside, less than three weeks, you would have something in place to respond to a like incident if that were to happen. Is that a fair statement to say right now? Based on the knowledge that you have and what you have put together, is that a fair statement?

Mr. KRATZ. I think that is correct. I think the situation facing the responders to BP or at the Macondo incident—they first had to figure out what is going on.

The CHAIRMAN. We know all that. I mean I know the uncertainties, they are not all the same. So I do not want to get into that, I am just simply saying you have to respond to every situation and you certainly cannot put together——

[A woman approaches the dais.]

The CHAIRMAN. Thank you.

I simply want to—I just want to ascertain that, because you are going to have to respond to this. This is going to be something that the public is going to demand and I think that you need to be prepared to respond to that as best you can.

Mr. MASSEY. I think your response is fair and I would hope that we could do it much faster.

The CHAIRMAN. That is fair, that is fair. April to September was not good. If you can do anything in a time frame less than that and both of you, from what I heard, you said 17 days, that was the outside, I gave you four days, that is three weeks.

Mr. Fleming.

Dr. FLEMING. Thank you, Mr. Chairman.

I agree with the Chairman, you know, we are hearing some criticism of why have we not created legislation and I think the worst thing in the world we could do is jump out there, not really knowing all the facts, and come up with some legislation that fixes a problem that does not exist and leaves open a problem that does.

But I have some specific questions. We are talking about well containment systems. Are you both working on the same system or are we talking about two different systems here?

Mr. KRATZ. There are two separate systems. The technology is roughly similar, there are varying approaching to how you do that.

Dr. FLEMING. Well, I heard there were a lot of partnerships, so I could not quite link the two of you together. So we are talking

about similar technologies, but two different systems that you are working on.

Mr. KRATZ. Yes.

Dr. FLEMING. And so is this something that would be installed or at least part of it installed in the original system, that then could be piggybacked on in the case of a problem, or is this something that is designed to go into what is already a traditional system such as the Macondo well, and then would be installed on top of the older technology?

Mr. MASSEY. This is equipment that we have identified for thinking through the events of last year, every other possible scenario that might occur. So we have this equipment that is available, readily available. If there is an incident, then we would begin mobilizing this equipment on immediately being called. So it is in ready standby, if you will.

Dr. FLEMING. OK, but I guess what I am asking though, is there any advantage going forward that new wells have some sort of fitting that would accommodate your technology, or is that even necessary, is it something that it really would not matter, you can just go ahead and install it without any problem?

Mr. MASSEY. Well, what we have done is we have thought through the different scenarios, different fittings and so forth and how would we actually connect to that problem well. So we have built in the contingency plans to have adapters and connectors and so forth so that we know we can get to them.

Dr. FLEMING. I see, because that was a big problem, as I recall, is that the experts, the engineers could not figure out how to properly fit, and they tried several techniques and it just did not work, which was a particular challenge, given the pressures at that level.

Mr. Kratz, did you have a response?

Mr. KRATZ. Just a little additional insight there, the technology we are talking about is for adapting and connecting to a wellhead with a true wellhead blowout occurrence. I think one of the big breakthroughs and one of the best things that has come out of the regulatory process are the new requirements to be transparent on casing design and the casing integrity calculations. By doing this, you can actually upfront make sure that capping stack is going to be sufficient instead of in the middle of the moment of crisis trying to figure out whether or not the integrity is there. I think that is a great savings on the reliability of the technology.

Dr. FLEMING. So given—this goes back to the Chairman's question. Given an event occurs, you get a call, you are going to be on the scene I would assume within 24 hours and then what would be the expected window that you would be able to control that spill?

Mr. KRATZ. As I said, as long as there is access to the wellhead and capping is a sufficient containment process, four days approximately. If flowback is necessary to establish to the surface, then we are talking about 10 to 17 days.

Dr. FLEMING. All right, great. Thank you, that is all I have.

The CHAIRMAN. Thank you. I would say John, in response to the first question, I think what we are seeing here is capitalism at work, we have two individuals that have a technique that they think will address the issues, probably some of it is proprietary,

but the one thing we do know, when you have competition in the system, the end result tends to get better and the costs go down. I know you probably want to be the only two in this response, but if there are more, maybe a lot of people would welcome that. But I just wanted to say that I think that is probably a good way to categorize it.

Mr. Southerland.

Mr. SOUTHERLAND. Thank you, Mr. Chairman.

Since both of you have obviously quite a bit of extensive experience in oil drilling, tell me a little bit about our standards. And I mean the American standards versus the standards that are practiced and met in other countries around the world. Mr. Massey, start with you. How does America compare, with our safety standards with other countries?

Mr. MASSEY. Well, you know, the company I come from is ExxonMobil, I am representing Marine Well Containment Company here today. The industry standards for the company that I represent historically did not really matter because we had the same standards in the industry. We apply those standards throughout the world in the same manner.

Mr. SOUTHERLAND. Well, the expectations of the foreign countries that they place upon you when you are drilling in their waters then. I mean I appreciate you have a consistent protocol, but if you are going to drill in Brazil, you are going to drill in Europe. I appreciate your single standard, a gold standard I am sure you would claim. But what I am trying to get at is do we expect, as America, from you equal or greater or less than another foreign country?

Mr. MASSEY. It varies across the board.

Mr. SOUTHERLAND. Compared to Brazil, let us get specific.

Mr. MASSEY. I am not knowledgeable on Brazil, I am sorry.

[Laughter.]

Mr. LANDRY. He is stealing my question.

Mr. SOUTHERLAND. What other countries have you drilled, has Exxon drilled in and you had exposure to that country's expectations of safety?

Mr. MASSEY. I think safety is paramount around the globe, so I really cannot give you a difference of opinion. The companies have their own standards of operating and they are going to apply those very high standards—

Mr. SOUTHERLAND. I am not talking about the companies, sir. I am talking about what that country expects regarding safety levels. Does America exceed the rest of the world—yes or no?

Mr. MASSEY. I would again answer and say it varies around the world.

Mr. SOUTHERLAND. Now it is a simple question. Does America exceed Brazil's safety standards—yes or no?

Mr. MASSEY. I am not qualified to answer that question.

Mr. KRATZ. I will try and give some insight. We work in many countries, many regions around the world. There are different approaches to safety standards, a safety case for example in the U.K. and Australia in which case every time you do something, the safety standards are putting it back on the producer or the contractor to make sure that they understand all of their risks and they have mitigated them. All around the world, the repositories of industry

best practice are maintained in quite a number of places, the IAEC, the API, BMV, ABS, Coast Guard, there are many repositories of best practices around the world. Some regions require adherence to some versus others.

The bottom line is what happens being a global producer or contractor is that you seek the highest standard. So there is an equalization that occurs.

Within the U.S., the regime has been based on voluntary compliance with industry best practices, which resides in things like the API, IAEC that I mentioned, whereas other countries have more of a safety case.

There are pros and cons to both approaches. You know, the one that is probably not viable going forward is a prescriptive case in which you are trying to reproduce the repositories of industry best practices because they have been evolving for over 40 years. But there may be some kind of a hybrid new approach that may be something that legislators and regulatory agencies want to look at as far as how the U.S. operates.

Mr. SOUTHERLAND. The efforts that you reported on today, both of you, will the efforts of your organizations help America to be a leader when it comes to safety as well as to come in after an incident that may happen in the future, will it help us be a leader in being able to address that situation as compared to maybe what—well, there has got to be a leader, there has to be a leader.

Mr. KRATZ. I can unequivocally state that we are leaders today. There are many countries—

Mr. SOUTHERLAND. That is what I want to hear, I want to hear you say yes, we are leading or we are following.

[Laughter.]

Mr. SOUTHERLAND. I am not interested in being a follower, if you are not the lead dog, the view never changes. So that is what I want to hear. Thank you.

The CHAIRMAN. Thank you very much. Mr. Landry.

Mr. LANDRY. Southerland, you are stealing my—

[Laughter.]

Mr. LANDRY. First of all, would you all not agree that drilling offshore in this entire world started right here?

Mr. KRATZ. Offshore drilling?

Mr. LANDRY. Offshore drilling.

Mr. MASSEY. Yes.

Mr. LANDRY. And would you not agree that the techniques that were developed in this Gulf have resonated all over the world?

Mr. KRATZ. Absolutely.

Mr. LANDRY. And would you not agree that it would be pretty hard to find a rig anywhere in this globe that does not have someone from Texas, Louisiana, Mississippi or Oklahoma on it?

Mr. MASSEY. Yes.

Mr. LANDRY. And so what you are saying is that you all have developed your safety standards based upon each and every time you put a bit in the ground and something unfortunate came about, and you recognized that whatever that process was may have a flaw in it and then you corrected it; is that right? Do you think that is how the industry acted?

Mr. MASSEY. We have continually improved over the years, learning from one another, yes.

Mr. LANDRY. And the government did not make you do that, that is something that you did on your own.

Mr. KRATZ. Yes.

Mr. LANDRY. Let me ask you, I think you all have developed a fabulous containment system. Did you all have a government engineer on board when you were designing that thing?

[Laughter.]

Mr. LANDRY. I am just curious.

Mr. MASSEY. No.

Mr. LANDRY. How much have the oil and gas companies paid to help—how much have they invested in your techniques?

Mr. MASSEY. When the Marine Well Containment Company started with four companies, you might remember that they announced they were going to do this not long after the incident occurred and before it was actually plugged, so there was a commitment made by four companies to develop and build this containment system. We now have 10 members and those 10 members have an equal share in the company and they are going to pay an equal share in the investment and it is going to be over a billion dollars by the time we are done to build this containment system and have it ready to go, in the case we are called upon.

Mr. LANDRY. Do you know if any other system like that exists anywhere else in the world today?

Mr. MASSEY. There are pieces that could be pulled together—

Mr. LANDRY. No, no, no. Is there in this world going to be any other containment system available as there is today? In other words, right now if there is a spill in deepwater anywhere else other than the Gulf of Mexico, do they have the ability to pull the type of resources that we have now within the time frame. That is yes?

Mr. MASSEY. Yes.

Mr. LANDRY. So you are saying right now in Brazil there is a containment system in Brazil?

Mr. MASSEY. I will tell you, what we built builds on previous response capabilities.

Mr. LANDRY. No, no, no, wait, stop. No, no. Right now, today if there is a spill in the Gulf of Mexico, we have access to your containment system, right?

Mr. MASSEY. Yes.

Mr. LANDRY. Is there a containment system in Brazil just like yours right now? Yes or no.

Mr. MASSEY. No.

Mr. LANDRY. Is there one in Cuba?

Mr. MASSEY. Not that I am aware of.

Mr. LANDRY. Is there one in the North Sea?

Mr. KRATZ. There is a cap and stack being built.

Mr. LANDRY. OK, how about in Africa?

Mr. KRATZ. No.

Mr. LANDRY. But they are issuing permits and they are drilling like hell over there, right? But they will not drill here. That is what I wanted to know.

Mr. Chairman, I yield back.

[Laughter and applause.]

The CHAIRMAN. I just wish he would quit beating around the bush and ask the questions.

[Laughter.]

The CHAIRMAN. Mr. Boustany.

Dr. BOUSTANY. Thank you, Mr. Chairman.

You know, my friend Mr. Landry down there was complaining about Southerland taking all his questions and now you took mine.

Let me just start by saying first of all that as all this started, I had to marvel at the trial and error in getting to a system that actually contained that *Deepwater Horizon* incident. It was pretty phenomenal to watch the evolution of the thought process. And in fact, I remember talking to some BP engineers early on and they were trying to come up with what to do and trying to figure out what was going on. I used some medical analogies on how we deal with blood vessels. I am a heart surgeon and when you have a blood vessel and you put a clamp on it and the thing tears and the clamp is not working, you have to come up with something pretty quick to stop the bleeding, otherwise you lose the patient. We had things that we developed in medicine that work, that do that. Some of the principles that you use for your containment system are very similar to the principles we use in health care. And I can guarantee everybody here that it was not a U.S. Department of Health & Human Services surgeon or scientist that came up with that, it is all about American ingenuity and that is what solves problems.

I am glad that you guys answered the questions that my colleagues were asking earlier about whether anybody else has this or is it available in any other country or any other region on the globe. And the fact is it is not because we lead here in America, hands down.

It kind of gets back to something I said in my opening statement before our first panel, and that is our companies have a culture of safety, U.S. companies, whether you are talking about shallow water or deepwater companies, have a culture of safety, based on science, based on technology and based on caring for the persons that work for those rigs. And I think it is a tribute to what you all have done, bringing ingenuity together, bringing the companies together to take care of what we have to do.

And I guess I want to raise one point and Mr. Kratz, when you were giving your opening statement, you mentioned something about meeting the NTL-10 requirements and you have, both of your companies have done this. And it is laudable that you have been able to put this together to meet those government requirements. But you mentioned the uncertainty of government policy. So I guess my question is OK, you have met NTL-10 now, are you concerned that something could change in the near future from a government policy standpoint and how do you propose to deal with that?

Mr. KRATZ. Well, I think we do comply with NTL-10 right now, but NTL-10 is subject to a lot of interpretation. One of the breakthroughs that came through in working with the DOI and Coast Guard on interpreting NTL-10 was the recognition that all wells are not the same. And, you know, I hear a lot of talk about competition between MWCC and ourselves, but there really is not. I

would love to see more collaboration, but it is coming at the problem from two different angles. The HWCG uses existing assets, targeting the broader base of a pyramid as it were, rather than the ultra-deepwater high pressure, high flow rates. And the focus has really been on what can be deployed the quickest way possible. Our concern is that from that bottom up, there is going to be continual improvement, of course, and wanting to add additional capacity and technology. But at this point, we are concerned with at what point does that become sufficient for permitting process to start in earnest.

Dr. BOUSTANY. Mr. Massey.

Mr. MASSEY. Yes, we have worked closely with the Department of the Interior, the BOEMRE to make sure that our system does meet their objectives with the regulation containment, the NTL-10. I think we have been successful in that. You know, we have submitted permits and now permits have been approved that rely on our system. So I think we have a good understanding of what their needs are and we expect to have met those.

Dr. BOUSTANY. So it is basically an evolving process. In other words, your companies are ready to change as the needs arise and are known. Do you get a sense that people with BOEM or the Department of the Interior even understand the complexity of what you are trying to do, the regulators, as they work with you on the regulation of these containment system?

Mr. KRATZ. I believe in large part they do, we work well with BOEMRE and especially the Coast Guard has been very insightful as to telling us what—giving us guidance as to what we need to do.

Mr. MASSEY. The people we are working with on the actual containment regulation system are right here in Houma or New Orleans, so they understand the business, they know what we are capable of and how we go about our compliance. So I feel very good, we are working closely with them.

Dr. BOUSTANY. Thank you. I yield back.

The CHAIRMAN. Thank you.

I am the one that introduced the issue of competition into the conversation. Let me give you my definition of that so there is not any misunderstanding. When I say competition, I mean something probably from the standpoint of the grassroots developing something in order to respond to whatever you are responding to, as opposed to the government anointing somebody and saying thou shall be the one. You are not in that situation. I prefer the former where you develop something. You may have entirely different techniques, that is perfectly fine, I have absolutely no problem with that. But in a sense you are in competition only because you are trying to—your business would go after the same or similar incident. So that is the context that I want to put it in.

I want to ask one other question here. Both of you said you are working with Interior and BOEM. Now presumably there are some regulations involved with what you are trying to do. This is not a trick question, but if there is an incident tomorrow, would you be able to respond without going through some permitting process to respond to an incident today?

Mr. MASSEY. Yes.

The CHAIRMAN. You could.

Mr. KRATZ. Yes.

The CHAIRMAN. That is encouraging, I have to tell you, that is encouraging.

That is all the questions I have. Do any of my colleagues have further questions?

Dr. FLEMING. I do, Mr. Chairman, just one question.

The CHAIRMAN. Go ahead, Mr. Fleming.

Dr. FLEMING. The question is going to come up and I alluded to it before, and that is do we need, and if so what type of legislation going forward. You know, I see the technology emerging, I see certain regulations coming out of BOEMRE and the Department of the Interior. In your opinion, do you feel that there is a need for legislation? And if so, what do you think it should include?

Mr. MASSEY. In the area which I am focused on, which is containment, we have the NTL-2010 that we have been talking about, and I think it is sufficient to guide and direct what we need to do in the area of containment. I would not say we need anything else in this area, we know what we need to do and we are ready to go if called upon.

Mr. KRATZ. I might just point to a specific here that we have identified in the tabletop drills. The procedures are pretty much standard and participation from all the industry members are outlined. One issue is the unified command structure and the liability issues we feel is the ultimate responsibility of the producer; therefore, that is the variable in each response case, is the unified command structure and how that communication and integration works. I think it might be worth a review of—and I cannot remember the Act that covers the unified command structure, but it may be worth reviewing that with specific application to blowout situations versus in general crisis.

Dr. FLEMING. Thank you, I yield back.

The CHAIRMAN. Would you yield for a minute?

Dr. FLEMING. Yes, yes.

The CHAIRMAN. I just want to ask, do you anticipate what you are trying to do with the permitting and regulation, that you need any legislation to do what you want to do?

Mr. KRATZ. No.

Mr. MASSEY. No, sir.

The CHAIRMAN. Mr. Southerland.

Mr. SOUTHERLAND. I am just curious, quick question. You know, we hear a lot of things in D.C. that the oil production is high, OK, even in spite of this. And this is really regarding leases and existing as well as new. In your opinion, do you challenge the statement that U.S. oil production for 2010 was the highest ever? And I'm talking about out of the Gulf.

Mr. KRATZ. I would not challenge the number. I would point out though that the average decline rates on a Gulf of Mexico field is in the neighborhood of 30 percent. It requires constant work to offset that 30 percent decline. So if you are going to stop the decline going forward, and that is where all the jobs get created is from the drilling and the intervention and the production enhancement, then if they are not down, they will be.

Mr. MASSEY. I would reiterate the same. If we are not drilling, existing production will decline and we will have lower production in the future than we have today.

Mr. SOUTHERLAND. Well, obviously when drilling hot spots are increasing around the world and you are developing this state-of-the-art technology, then you have to go where the drilling is. And so it behooves you to know where that is occurring. So I would not assume—I mean I would assume you would not be where the drilling is not, because you have this state-of-the-art technology, which I think is wonderful and what we need, but we hear a lot that the drilling levels are equal or growing, that the moratorium is false, that there is no moratorium. And so since you have to follow the drilling, you know, you are a good person I guess for me to ask that.

That is it.

The CHAIRMAN. Mr. Landry.

Mr. LANDRY. Just a couple of things. One, to respond to the issue you raised with the chain of command and command and control, that would be under OPA and to let you know that I have spoken with the Coast Guard as early as Friday—no, Thursday, they were in my office talking about the fact that they rotate their spill response commanders on a two-year rotation, which I think is too short. And they agreed, they think the new Admiral coming in is going to help work on lengthening the stay of those spill response and incident commanders. So to let you know I think we are moving in that particular direction.

Do you believe that the industry is safer today than it was before the incident?

Mr. KRATZ. Yes, I absolutely—I do not think the industry was unsafe. The intent was there to be safe, but I do think that there are certain things that have come out of Macondo that absolutely have made the industry much safer.

Mr. LANDRY. Do you think that is because the industry has a stake at play in the effort, to drill safer, or do you think it is strictly because the government makes them—forces them to drill safer?

Mr. MASSEY. Safety has always been a top concern in the industry that I have been in, it is a top concern of mine and I see it in all the colleagues that I work with.

Mr. LANDRY. One last point. Shallow water drilling. Do you all, would you all agree that the type of incident we had last year is virtually impossible in any type of shallow water drilling application?

Mr. KRATZ. Personally, I would have to defer to others with more expertise on it.

Mr. MASSEY. I would defer too. I would just say that in the shallow water, it is different in that the wellhead is at the surface, not on the seafloor, so a much different environment.

Mr. LANDRY. Are you deferring only because you deal in deepwater, you just do not have shallow water experience?

Mr. MASSEY. I am focused on deepwater well containment, yes.

Mr. KRATZ. Our assets are all focused on ultra deepwater. The dynamics of shallow water are completely different.

Mr. LANDRY. OK, thank you, Mr. Chairman.

The CHAIRMAN. Mr. Boustany.

Dr. BOUSTANY. Just one last question, and that is, is the Gulf of Mexico the only region where we have deepwater drilling today that has this requirement for a containment system?

Mr. KRATZ. I believe so.

Mr. MASSEY. I believe so.

Dr. BOUSTANY. And do you anticipate other regions will follow suit with regulations, laws?

Mr. KRATZ. Internationally?

Dr. BOUSTANY. Yes.

Mr. KRATZ. To varying degrees. I just attended the international symposium in Washington on that and it was interesting to hear the varying viewpoints from the different regions as to how they are approaching it. I think everyone is looking at it, I think what we are doing here in the Gulf of Mexico is not only leading the way, but it is probably a more robust response than anything that I have seen in other regions producing at this time.

Dr. BOUSTANY. Mr. Massey.

Mr. MASSEY. I think each country is looking at their basin and what is needed there, and they will make a determination of what needs to be put in place.

Dr. BOUSTANY. So once again, when we look at energy production, Americans are leading the way on safety, on technology, on production. I am just glad to hear you say that.

I will yield back. Thank you.

The CHAIRMAN. Thank you, and I want to thank both of you. This was very enlightening. I have spoken to the industry over time saying that they need to be aggressively involved. I would just respectfully say that as you enhance what you are able to do that you tell people that you are able to do it. That is a very, very important part if we are going to have an American energy industry in this country, which I firmly believe we should have and I know my colleagues share all of that. Frankly, I think most Americans share that. And so to have that sense of being able to proceed forward, we need to know that we have the capability to respond very positively to an event if something should happen. But the only way that happens is if you tell people. And so I would respectfully ask you to do that.

If there are further questions from the panel, we may send them to you and we would like to ask a response right away. And I will—for those of you that were on the first panel, that may happen to you too, so I just simply forgot to say that.

On a personal note, I felt very strongly when I became Chairman of this Committee that we should have a field hearing down here for precisely the reasons that we experienced. We heard firsthand on things that I think needed to be said and I think that was very, very valuable testimony.

I had an opportunity to come down here on Saturday evening, met with some local people and it was an enlightening thing for me. But on Sunday, I went to the Mandalay Wildlife Refuge where I had an opportunity to see the wildlife and production coexisting. Usually when you see that in action and you experience it firsthand, it leaves an impression, and to me it was a very positive impression and then on Sunday the Governor was kind enough to lend a helicopter for me to fly over essentially all of the Gulf Coast

and when you see fishing and oil production coexisting from the air, it leaves a very, very positive impression.

I had that impression beforehand, I have to admit, but when you see that it puts it more in your psyche and I think in a very positive way. So on a personal note, I am very, very glad that I came down here and I know my colleagues felt the same way or they would not have insisted that we come down here. And I can tell you, these members were pushing very hard for this to happen. So I am glad that they pushed as hard as they did.

I would also like to thank very much the President of Terrebonne Parish, Michel Claudet, for his hosting this. It was very good, this part, the facilities worked very well. So Mr. President, I want to thank you for your courtesy and I enjoyed too the social time that we had together.

So if there is no further business to come before the Committee, I want to thank this panel and the other panel and I want to thank all of you that have sat through this and I hope that—and I know what we heard is embedded in what we want to do and your presence here indicates that the type government that we have has to depend on people's involvement. Your presence here I think confirms that that works very well.

So with that, the Committee will stand adjourned.

[Whereupon, at 12:10 p.m., the Committee was adjourned.]

